

Volume 2

# STATUTES OF CALIFORNIA

AND DIGESTS OF MEASURES

**2002**

Constitution of 1879 as Amended

Measures Submitted to Vote of Electors,  
Primary Election, March 5, 2002  
and General Election, November 5, 2002

General Laws, Amendments to the Codes, Resolutions,  
and Constitutional Amendments passed by the  
California Legislature

**2001-02 Regular Session**  
**2001-02 Second Extraordinary Session**  
**2001-02 Third Extraordinary Session**



*Compiled by*  
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*Legislative Counsel*



## CHAPTER 315

An act to amend Section 9201 of the Public Contract Code, relating to public contracts.

[Approved by Governor August 30, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 9201 of the Public Contract Code is amended to read:

9201. (a) A public entity shall have full authority to compromise or otherwise settle any claim relating to a contract at any time.

(b) The public entity shall include provisions in a public works contract for timely notification of the contractor of the receipt of any third-party claim, relating to the contract.

(c) The public entity shall be entitled to recover its reasonable costs incurred in providing the notification required by subdivision (b).

SEC. 2. 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.

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CHAPTER 316

An act to add Section 7401 to the Business and Professions Code, relating to barbering and cosmetology.

[Approved by Governor August 30, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 7401 is added to the Business and Professions Code, to read:

7401. (a) An individual licensed pursuant to Section 7396 shall report to the bureau 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) Not working in the industry.
  - (5) Retired.
  - (6) Other practice status, as may be further defined by the bureau.
- (b) An individual licensed pursuant to Section 7396 shall, at the time of license renewal, identify himself or herself on the application as one of the following:
- (1) Employee.
  - (2) Independent contractor or booth renter.
  - (3) Salon owner.
- (c) An individual licensed pursuant to Section 7347 shall report to the bureau at the time of license renewal, whether either of the following is applicable to him or her:
- (1) He or she has a booth renter operating in the establishment.
  - (2) He or she has an independent contractor operating in the establishment.
- (d) The bureau shall report to the Senate Committee on Business and Professions and the Assembly Committee on Business and Professions within five years after the implementation of the provisions of this section on the licensee information collected, including an assessment of whether a certain type of licensee is more likely to receive complaints or citations, or to fail to pay taxes, and any recommendation on how to remedy problems found.
- 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.

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## CHAPTER 317

An act to amend Section 13540 of the Water Code, relating to water.

[Approved by Governor August 30, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 13540 of the Water Code is amended to read:  
13540. (a) No person shall construct, maintain or use any waste well extending to or into a subterranean water-bearing stratum that is

used or intended to be used as, or is suitable for, a source of water supply for domestic purposes.

(b) (1) Notwithstanding subdivision (a), when a regional board finds that water quality considerations do not preclude controlled recharge of the stratum by direct injection, and when the State Department of Health Services, following a public hearing, finds the proposed recharge will not degrade the quality of water in the receiving aquifer as a source of water supply for domestic purposes, recycled water may be injected by a well into the stratum. The State Department of Health Services may make and enforce any regulations pertaining to this subdivision as it deems proper.

(2) Nothing in this section shall be construed to do either or both of the following:

(A) Affect the authority of the state board or regional boards to prescribe and enforce requirements for the discharge.

(B) Preempt the exercise by a water district of its existing ordinance authority to impose or implement stricter standards for protecting groundwater quality in the receiving aquifer.

(c) When the State Department of Health Services makes the findings provided for in subdivision (b), the department shall consider the state board's Statement of Policy with Respect to Maintaining High Quality of Waters in California, as set forth in Resolution 68-16, dated October 28, 1968, and shall also consider current and potential future public health consequences of the controlled recharge.

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## CHAPTER 318

An act to add Chapter 6 (commencing with Section 75480) to Part 8 of Division 21 of the Water Code, relating to water.

[Approved by Governor August 30, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Chapter 6 (commencing with Section 75480) is added to Part 8 of Division 21 of the Water Code, to read:

### CHAPTER 6. NORTH SAN JOAQUIN WATER CONSERVATION DISTRICT

75480. (a) The North San Joaquin Water Conservation District, in addition to its other powers, may levy assessments as provided in this chapter.

(b) "District," for the purposes of this chapter, means the North San Joaquin Water Conservation District.

(c) "Collected water" and "water that is collected," for the purposes of this chapter, means the net acre-feet of water caused to be deposited onto land by the district. In determining the amount of collected water, both the amount of water entering the water system and the amount of water leaving the water system, having not been applied, shall be measured. The amount of water that leaves the system, having not been applied, shall be subtracted from the amount of water that enters the system. The difference shall be reduced by the amount of water lost due to evaporation and further reduced for water subject to export from the district. The sum difference is the amount of collected water.

(d) "Applied," for the purposes of this chapter, means that the water has been used for irrigation, recharge, in lieu flooding, deposited into an area for storage, or held in an area for percolation purposes.

(e) "System," for the purposes of this chapter, means all of the physical apparatus owned, operated, or maintained by the district for the purpose of moving or holding water.

75480.5. (a) The North San Joaquin Water Conservation District may fix and collect assessments upon taxable land within the district on which surface water or groundwater is applied or delivered. Assessments may not be imposed on dry pastureland or other agricultural land on which neither groundwater nor surface water is applied or delivered.

(b) The maximum amount of the assessments levied by the district shall be determined on a year-by-year basis, dependent on the amount of water that is collected by the district during the previous year, consistent with this section. The district shall determine the amount of collected water.

(c) The revenue obtained from the assessments shall be used for the purposes of groundwater recharge, the delivery of surface water, and any related expenses incurred by the district. The district may, by resolution of the board, fix and collect assessments sufficient to meet and pay the estimated expenses and obligations authorized by this subdivision, including a reasonable reserve for contingencies. No assessment may be imposed on any parcel that exceeds the reasonable cost of the proportional special benefit conferred on that parcel.

(d) The assessments shall be fixed by the district on or before the 31st day of July in accordance with subdivisions (e) and (f).

(e) (1) During the years 2003, 2004, 2005, and 2006, the district may assess no more than one dollar (\$1) per acre or portion of an acre, unless the district has collected 5,000 acre-feet or more of water, during the previous year.

(2) If the district has collected at least 5,000 acre-feet, but less than 8,000 acre-feet, of water during the previous year, then the district may assess up to two dollars (\$2) per acre or portion of an acre.

(3) If the district has collected at least 8,000 acre-feet, but less than 10,000 acre-feet, of water during the previous year, then the district may assess up to three dollars (\$3) per acre or portion of an acre.

(4) If the district has collected at least 10,000 acre-feet, but less than 12,000 acre-feet, of water during the previous year, the district may assess up to four dollars (\$4) per acre or portion of an acre.

(5) If the district has collected 12,000 acre-feet or more of water during the previous year, the district may assess up to five dollars (\$5) per acre or portion of an acre. The district may not assess more than five dollars (\$5) per acre, or portion of an acre, of taxable land within the district on which surface water or groundwater is applied or delivered.

(f) (1) For the year 2007, and each subsequent year, if the district has collected at least 3,000 acre-feet, but less than 5,000 acre-feet, of water during the previous year, then the district may assess up to one dollar (\$1) per acre or portion of an acre.

(2) If the district has collected at least 5,000 acre-feet, but less than 8,000 acre-feet, of water during the previous year, then the district may assess up to two dollars (\$2) per acre or portion of an acre.

(3) If the district has collected at least 8,000 acre-feet, but less than 10,000 acre-feet, of water during the previous year, then the district may assess up to three dollars (\$3) per acre or portion of an acre.

(4) If the district has collected at least 10,000 acre-feet, but less than 12,000 acre-feet, of water during the previous year, the district may assess up to four dollars (\$4) per acre or portion of an acre.

(5) If the district has collected 12,000 acre-feet or more of water during the previous year, the district may assess up to five dollars (\$5) per acre or portion of an acre. The district may not assess more than five dollars (\$5) per acre, or portion of an acre, of taxable land within the district on which surface water or groundwater is applied or delivered.

(g) The board, in levying the charges, may establish the dates of delinquency and may impose penalties for delinquency not exceeding 10 percent of the amount of the assessment and may, in addition, collect interest at the rate of 8 percent per annum from the date of delinquency on all delinquent assessments. The district may sue for the recovery of unpaid assessments.

(h) Any assessment levied pursuant to this chapter shall be imposed consistent with Article XIII C and Article XIII D of the California Constitution and the Proposition 218 Omnibus Implementation Act (Chapter 38 of the Statutes of 1997), and any amendments thereto.

75481. (a) The district may, by resolution of the board, provide a procedure for and collect the assessments by way of the tax bills of the

county in which the district is located. The assessments shall appear as a separate item on the tax bill, shall be collected at the same time and in the same manner as county ad valorem property taxes are collected, and shall be subject to the same procedures, including sale in case of default, as are provided for those taxes.

(b) The district shall, on or before August 1 of each year, certify to the county auditor the assessments to be collected. The county may deduct from the revenue so collected for the district, an appropriate amount for the billing and collection services provided to the district.

75481.5. Any assessments erroneously made by reason of inadvertence or clerical mistake may be refunded upon order of the board at any time after payment.

SEC. 2. The Legislature finds and declares that this act, which is applicable only to the North San Joaquin Water Conservation District, is necessary because of the unique and special groundwater 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.

SEC. 3. 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.

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## CHAPTER 319

An act to amend Section 17533.6 of the Business and Professions Code, relating to advertising.

[Approved by Governor August 30, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 17533.6 of the Business and Professions Code is amended to read:

17533.6. It is unlawful for any person, firm, corporation, or association that is a nongovernmental entity to solicit information, or to solicit the purchase of or payment for a product or service, or to solicit the contribution of funds or membership fees, by means of a mailing,



electronic message, or Internet Web site that contains a seal, insignia, trade or brand name, or any other term or symbol that reasonably could be interpreted or construed as implying any state or local government connection, approval, or endorsement, unless the requirements of subdivision (a) or (b) have been met, as follows:

(a) The nongovernmental entity has an expressed connection with, or the approval or endorsement of, a state or local government entity, if permitted by other provisions of law.

(b) The solicitation meets both of the following requirements:

(1) The solicitation bears on its face, in conspicuous and legible type in contrast by typography, layout, or color with other type on its face, the following notice:

“THIS PRODUCT OR SERVICE HAS NOT BEEN APPROVED OR ENDORSED BY ANY GOVERNMENT AGENCY, AND THIS OFFER IS NOT BEING MADE BY AN AGENCY OF THE GOVERNMENT.”

(2) In the case of a mailed solicitation, the envelope or outside cover or wrapper in which the matter is mailed bears on its face in capital letters and in conspicuous and legible type, the following notice:

“THIS IS NOT A GOVERNMENT DOCUMENT.”

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.

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## CHAPTER 320

An act to amend Section 66204 of the Education Code, relating to postsecondary education.

[Approved by Governor August 30, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. The Legislature finds and declares that school districts are encouraged to ensure that their high school pupils are both of the following:

(a) Well informed of the courses they need to take to meet admission requirements for the California State University and the University of California.

(b) Not disadvantaged because their high school is unfamiliar with the processes by which the California State University and the University of California approve courses that are used to meet entrance requirements at those respective institutions of higher education.

SEC. 2. Section 66204 of the Education Code is amended to read:

66204. (a) The Superintendent of Public Instruction shall assist all school districts to ensure that all public high school pupils have access to a core curriculum that meets the admission requirements of the University of California and the California State University. The Superintendent of Public Instruction shall advise school districts that maintain high schools about the importance of making readily available to each high school pupil the current list of courses offered by the school attended by that pupil that are certified by the University of California as meeting admissions requirements. It is the intent of the Legislature that each public high school shall provide the full precollegiate program, provide adequate course sections in precollegiate programs to accommodate all its pupils, and regularly counsel pupils to enter those programs and courses. There shall be no policy or practice in any public elementary or secondary school of directing, especially for cultural or linguistic reasons, any pupil in kindergarten or any of the grades 1 to 12, inclusive, away from choosing programs that prepare that pupil academically for college.

(b) The University of California is requested to assist each school district that maintains a high school in order to ensure all of the following:

(1) School districts understand the process by which courses are submitted to the University of California to be reviewed and certified as meeting admission requirement criteria.

(2) School districts have an internal process for developing courses and submitting courses for review and certification by the University of California in order to meet admission requirement criteria.

(3) School districts maintain accurate lists of courses that are currently offered by the high schools and are certified by the University of California as meeting admission requirement criteria.

(4) Updated lists described in paragraph (3) are readily made available by the school districts to each high school pupil and a copy of that list is annually provided to each high school pupil.

(c) It is the intent of the Legislature that the public and independent institutions of higher education participate in programs that assist those

in elementary and secondary education in meeting their responsibilities in preparing students for college.

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CHAPTER 321

An act to add Section 10631.5 to the Water Code, relating to water.

[Approved by Governor August 30, 2002. Filed with Secretary of State September 3, 2002.]

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

SECTION 1. Section 10631.5 is added to the Water Code, to read: 10631.5. The department shall take into consideration whether the urban water supplier is implementing or scheduled for implementation, the water demand management activities that the urban water supplier identified in its urban water management plan, pursuant to Section 10631, in evaluating applications for grants and loans made available pursuant to Section 79163. The urban water supplier may submit to the department copies of its annual reports and other relevant documents to assist the department in determining whether the urban water supplier is implementing or scheduling the implementation of water demand management activities.

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CHAPTER 322

An act to add Chapter 1.697 (commencing with Section 5096.687) to Division 5 of the Public Resources Code, relating to parks and recreation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor August 30, 2002. Filed with Secretary of State September 3, 2002.]

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

SECTION 1. The Legislature hereby 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 continued economic prosperity of California is dependent on the availability of an adequate supply of water 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 in California's parks and recreational areas.

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

SEC. 2. Chapter 1.697 (commencing with Section 5096.687) is added to Division 5 of the Public Resources Code, to read:

CHAPTER 1.697. EFFICIENT WATER USE IN PARKS AND RECREATION  
AREAS ACT

5096.687. This chapter shall be known and may be cited as the Efficient Water Use in Parks and Recreation Areas Act.

5096.688. It is the intent of the Legislature to promote the conservation and efficient use of water in California's parks and recreational areas.

5096.689. Criteria and procedures adopted by the department for evaluating applications for grants made available pursuant to subdivisions (a), (b), and (c) of Section 5096.620 for the development of neighborhood, community, and regional parks and recreation lands and facilities in urban and rural areas shall include recommendations that grant applicants consider the implementation or installation of water conservation measures as part of their proposed project. The department shall develop those recommendations in consultation with the Department of Water Resources.

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 for the Department of Parks and Recreation to promote the efficient use of limited supplies of water by preventing its waste in California's parks and recreational areas, it is necessary that this act take effect immediately.

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CHAPTER 323

An act to amend Section 25249.7 of the Health and Safety Code, relating to the environment.

[Approved by Governor August 30, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 25249.7 of the Health and Safety Code is amended to read:

25249.7. (a) Any person that violates or threatens to violate Section 25249.5 or 25249.6 may be enjoined in any court of competent jurisdiction.

(b) (1) Any person who has violated Section 25249.5 or 25249.6 shall be liable for a civil penalty not to exceed two thousand five hundred dollars (\$2,500) per day for each violation in addition to any other penalty established by law. That civil penalty may be assessed and recovered in a civil action brought in any court of competent jurisdiction.

(2) In assessing the amount of a civil penalty for a violation of this chapter, the court shall consider all of the following:

(A) The nature and extent of the violation.

(B) The number of, and severity of, the violations.

(C) The economic effect of the penalty on the violator.

(D) Whether the violator took good faith measures to comply with this chapter and the time these measures were taken.

(E) The willfulness of the violator's misconduct.

(F) The deterrent effect that the imposition of the penalty would have on both the violator and the regulated community as a whole.

(G) Any other factor that justice may require.

(c) Actions pursuant to this section may be brought by the Attorney General in the name of the people of the State of California, by any district attorney, by any city attorney of a city having a population in excess of 750,000, or, with the consent of the district attorney, by a city prosecutor in any city or city and county having a full-time city prosecutor, or as provided in subdivision (d).

(d) Actions pursuant to this section may be brought by any person in the public interest if both of the following requirements are met:

(1) The private action is commenced more than 60 days from the date that the person has given notice of an alleged violation of Section 25249.5 or 25249.6 that is the subject of the private action to the Attorney General and the district attorney, city attorney, or prosecutor in whose jurisdiction the violation is alleged to have occurred, and to the alleged violator. If the notice alleges a violation of Section 25249.6, the notice of the alleged violation shall include a certificate of merit executed by the attorney for the noticing party, or by the noticing party, if the noticing party is not represented by an attorney. The certificate of merit shall state that the person executing the certificate has consulted with one or more persons with relevant and appropriate experience or expertise who has reviewed facts, studies, or other data regarding the exposure to the listed chemical that is the subject of the action, and that,

based on that information, the person executing the certificate believes there is a reasonable and meritorious case for the private action. Factual information sufficient to establish the basis of the certificate of merit, including the information identified in paragraph (2) of subdivision (h), shall be attached to the certificate of merit that is served on the Attorney General.

(2) Neither the Attorney General, any district attorney, any city attorney, nor any prosecutor has commenced and is diligently prosecuting an action against the violation.

(e) Any person bringing an action in the public interest pursuant to subdivision (d) and any person filing any action in which a violation of this chapter is alleged shall notify the Attorney General that the action has been filed. Neither this subdivision nor the procedures provided in subdivisions (f) to (j), inclusive, shall affect the requirements imposed by statute or a court decision in existence on January 1, 2002, concerning whether any person filing any action in which a violation of this chapter is alleged is required to comply with the requirements of subdivision (d).

(f) (1) Any person filing an action in the public interest pursuant to subdivision (d), any private person filing any action in which a violation of this chapter is alleged, or any private person settling any violation of this chapter alleged in a notice given pursuant to paragraph (1) of subdivision (d), shall, after the action or violation is subject either to a settlement or to a judgment, submit to the Attorney General a reporting form that includes the results of that settlement or judgment and the final disposition of the case, even if dismissed. At the time of the filing of any judgment pursuant to an action brought in the public interest pursuant to subdivision (d), or any action brought by a private person in which a violation of this chapter is alleged, the plaintiff shall file an affidavit verifying that the report required by this subdivision has been accurately completed and submitted to the Attorney General.

(2) Any person bringing an action in the public interest pursuant to subdivision (d), or any private person bringing an action in which a violation of this chapter is alleged, shall, after the action is either subject to a settlement, with or without court approval, or to a judgment, submit to the Attorney General a report that includes information on any corrective action being taken as a part of the settlement or resolution of the action.

(3) The Attorney General shall develop a reporting form that specifies the information that shall be reported, including, but not limited to, for purposes of subdivision (e), the date the action was filed, the nature of the relief sought, and for purposes of this subdivision, the amount of the settlement or civil penalty assessed, other financial terms of the settlement, and any other information the Attorney General deems appropriate.

(4) If there is a settlement of an action brought by a person in the public interest under subdivision (d), the plaintiff shall submit the settlement, other than a voluntary dismissal in which no consideration is received from the defendant, to the court for approval upon noticed motion, and the court may approve the settlement only if the court makes all of the following findings:

(A) Any warning that is required by the settlement complies with this chapter.

(B) Any award of attorney's fees is reasonable under California law.

(C) Any penalty amount is reasonable based on the criteria set forth in paragraph (2) of subdivision (b).

(5) The plaintiff subject to paragraph (4) has the burden of producing evidence sufficient to sustain each required finding. The plaintiff shall serve the motion and all supporting papers on the Attorney General, who may appear and participate in any proceeding without intervening in the case.

(6) Neither this subdivision nor the procedures provided in subdivision (e) and subdivisions (g) to (j), inclusive, shall affect the requirements imposed by statute or a court decision in existence on the January 1, 2002, concerning whether claims raised by any person or public prosecutor not a party to the action are precluded by a settlement approved by the court.

(g) The Attorney General shall maintain a record of the information submitted pursuant to subdivisions (e) and (f) and shall make this information available to the public.

(h) (1) Except as provided in paragraph (2), the basis for the certificate of merit required by subdivision (d) is not discoverable. However, nothing in this subdivision shall preclude the discovery of information related to the certificate of merit if that information is relevant to the subject matter of the action and is otherwise discoverable, solely on the ground that it was used in support of the certificate of merit.

(2) Upon the conclusion of an action brought pursuant to subdivision (d) with respect to any defendant, if the trial court determines that there was no actual or threatened exposure to a listed chemical, the court may, upon the motion of that alleged violator or upon the court's own motion, review the basis for the belief of the person executing the certificate of merit, expressed in the certificate of merit, that an exposure to a listed chemical had occurred or was threatened. The information in the certificate of merit, including the identity of the persons consulted with and relied on by the certifier, and the facts, studies, or other data reviewed by those persons, shall be disclosed to the court in an in-camera proceeding at which the moving party shall not be present. If the court finds that there was no credible factual basis for the certifier's belief that an exposure to a listed chemical had occurred or was threatened, then the

action shall be deemed frivolous within the meaning of Section 128.6 or 128.7 of the Code of Civil Procedure, whichever provision is applicable to the action. The court shall not find a factual basis credible on the basis of a legal theory of liability that is frivolous within the meaning of Section 128.6 or 128.7 of the Code of Civil Procedure, whichever provision is applicable to the action.

(i) The Attorney General may provide the factual information submitted to establish the basis of the certificate of merit on request to any district attorney, city attorney, or prosecutor within whose jurisdiction the violation is alleged to have occurred, or to any other state or federal government agency, but in all other respects the Attorney General shall maintain, and ensure that all recipients maintain, the submitted information as confidential official information to the full extent authorized in Section 1040 of the Evidence Code.

(j) In any action brought by the Attorney General, a district attorney, a city attorney, or a prosecutor pursuant to this chapter, the Attorney General, district attorney, city attorney, or prosecutor may seek and recover costs and attorney's fees on behalf of any party who provides a notice pursuant to subdivision (d) and who renders assistance in that action.

SEC. 2. The Legislature hereby finds and declares that Section 1 of this act furthers the purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986.

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## CHAPTER 324

An act to amend Sections 13320 and 13321 of the Water Code, relating to water quality.

[Approved by Governor August 30, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 13320 of the Water Code is amended to read:  
13320. (a) Within 30 days of any action or failure to act by a regional board under subdivision (c) of Section 13225, Article 4 (commencing with Section 13260) of Chapter 4, Chapter 5 (commencing with Section 13300), Chapter 5.5 (commencing with Section 13370), Chapter 5.9 (commencing with Section 13399.25), or Chapter 7 (commencing with Section 13500), any aggrieved person may petition the state board to review that action or failure to act. In case of a failure to act, the 30-day period shall commence upon the refusal of the



regional board to act, or 60 days after request has been made to the regional board to act. The state board may, on its own motion, at any time, review the regional board's action or failure to act and also any failure to act under Article 3 (commencing with Section 13240) of Chapter 4.

(b) The evidence before the state board shall consist of the record before the regional board, and any other relevant evidence which, in the judgment of the state board, should be considered to effectuate and implement the policies of this division.

(c) The state board may find that the action of the regional board, or the failure of the regional board to act, was appropriate and proper. Upon finding that the action of the regional board, or the failure of the regional board to act, was inappropriate or improper, the state board may direct that the appropriate action be taken by the regional board, refer the matter to any other state agency having jurisdiction, take the appropriate action itself, or take any combination of those actions. In taking any such action, the state board is vested with all the powers of the regional boards under this division.

(d) If a waste discharge in one region affects the waters in another region and there is any disagreement between the regional boards involved as to the requirements which should be established, either regional board may submit the disagreement to the state board which shall determine the applicable requirements.

(e) If a petition for state board review of a regional board action on waste discharge requirements includes a request for a stay of the waste discharge requirements, the state board shall act on the requested stay portion of the petition within 60 days of accepting the petition. The board may order any stay to be in effect from the effective date of the waste discharge requirements.

SEC. 2. Section 13321 of the Water Code is amended to read:

13321. (a) In the case of a review by the state board under Section 13320, the state board, upon notice and a hearing, may stay in whole or in part the effect of the decision and order of a regional board or of the state board.

(b) If a petition is filed with the superior court to review a decision of the state board, any stay in effect at the time of the filing the petition shall remain in effect by operation of law for a period of 20 days from the date of the filing of that petition.

(c) If the superior court grants a stay pursuant to a petition for review of a decision of the state board denying a request for a stay with respect to waste discharge requirements, the stay may be made effective as of the effective date of the waste discharge requirements.

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## CHAPTER 325

An act to amend Section 2586 of the Business and Professions Code, relating to nutrition.

[Approved by Governor August 30, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 2586 of the Business and Professions Code is amended to read:

2586. (a) Notwithstanding any other provision of law, a registered dietitian, or other nutritional professional meeting the qualifications set forth in subdivision (e) of Section 2585 may, upon referral by a health care provider authorized to prescribe dietary treatments, provide nutritional and dietary counseling, conduct nutritional and dietary assessments, and develop nutritional and dietary treatments, including therapeutic diets, for individuals or groups of patients in licensed institutional facilities or in private office settings. The referral shall be accompanied by a written prescription signed by the health care provider detailing the patient's diagnosis and including a statement of the desired objective of dietary treatment, unless a referring physician and surgeon has established or approved a written protocol governing the patient's treatment. The services described in this subdivision may be termed "medical nutrition therapy."

(b) A registered dietitian, or other nutritional professional meeting the qualifications set forth in subdivision (e) of Section 2585, may accept or transmit verbal orders or electronically transmitted orders from the referring physician consistent with an established protocol to implement medical nutrition therapy.

(c) A registered dietitian, or other nutritional professional meeting the qualifications set forth in subdivision (e) of Section 2585, may order medical laboratory tests related to nutritional therapeutic treatments when authorized to do so by a written protocol prepared or approved by the referring physician and when, in the absence of the referring physician at a patient visit, in a clinic where there is a registered nurse on duty, a registered nurse is notified that a medical laboratory test is being ordered and is afforded an opportunity to assess the patient.

(d) (1) Notwithstanding any other provision of law, a dietetic technician, registered meeting the qualifications set forth in Section 2585 may, under the direct supervision of a registered dietitian, assist in the implementation or monitoring of services specified in subdivision (a), but may not develop nutritional or dietary therapy or treatments or accept or transmit verbal orders.

(2) (A) For purposes of this subdivision, “direct supervision” means the supervising registered dietitian shall be physically available to the dietetic technician, registered for consultation whenever consultation is required. However, in the case of a small or rural hospital, as defined in Section 124840 of the Health and Safety Code, the registered dietitian may be available for consultation by telephone or other electronic means, provided that the registered dietitian is physically on the facility site a sufficient amount of time to provide adequate supervision over and review of the work of the dietetic technician, registered.

(B) For purposes of this subdivision, “physically available” means physical onsite presence during regular business hours, and includes telephonic or electronic availability at all times and the ability to respond to the facility within a reasonable period of time when required. The registered dietitian shall review any activities performed by the dietetic technician, registered during any period when the registered dietitian was not physically onsite.

(3) For purposes of this subdivision, a registered dietitian shall not supervise more than two dietetic technicians, registered at one time.

(e) It is a misdemeanor for a person specified in subdivision (e) of Section 2585 to practice in a manner inconsistent with the requirements set forth in this section.

(f) Nothing in this section shall preclude a person specified in subdivision (e) of Section 2585 from providing information as permitted by Section 2068.

(g) For purposes of this section, “health care provider” means any person licensed or certified pursuant to this division, or licensed pursuant to the Osteopathic Initiative Act or the Chiropractic Initiative Act.

(h) The requirement of a written prescription shall be deemed to be satisfied by an entry in the patient records of a patient who is undergoing treatment at a licensed health care facility if the contents of the patient records reflect the information required by this section.

(i) Nothing in this section or Section 2585 shall be interpreted to establish educational criteria or practice restrictions or limitations for other health care providers licensed under Division 2 (commencing with Section 500) or the Osteopathic Initiative Act or the Chiropractic Initiative Act.

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## CHAPTER 326

An act to amend Sections 17538 and 17538.3 of the Business and Professions Code, relating to business practices.

[Approved by Governor August 30, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 17538 of the Business and Professions Code is amended to read:

17538. (a) It is unlawful in the sale or lease or offering for sale or lease of goods or services, for any person conducting sales or leases by telephone, the Internet or other electronic means of communication, mail order, or catalog in this state, including, but not limited to, the offering for sale or lease on television, radio, or the Internet, or by any other electronic means of communication or telecommunications device, of goods or services that may be ordered by mail, telephone, the Internet, or other electronic means of communication or telecommunications device, or for any person advertising in connection with those sales, leases, or advertisements a mailing address, telephone number, or Internet or other electronic address, to accept payment from or for a buyer, for the purchase or lease of goods or services ordered by mail, telephone, the Internet, or other electronic means of communication or telecommunications device, whether payment to the vendor is made directly, through the mail, by means of a transfer of funds from an account of the buyer or any other person, or by any other means, and then permit 30 days, unless otherwise conspicuously stated in the offering or advertisement, or unless a shorter time is clearly communicated by the person conducting the sale or lease, to elapse without doing any one of the following things:

- (1) Shipping, mailing, or providing the goods or services ordered.
- (2) Mailing a full refund or, if payment was made by means of a transfer from an account, (A) crediting the account in the full amount of the debit, or (B) if a third party is the creditor, issuing a credit memorandum to the third party, who shall promptly credit the account in the full amount of the debit.
- (3) Sending the buyer a letter or other written notice (A) advising the buyer of the duration of an expected delay expressed as a specific number of days or weeks, or proposing the substitution of goods or services of equivalent or superior quality, and (B) offering to make a full refund, in accordance with paragraph (2), within one week if the buyer so requests. The vendor shall provide to the buyer in that letter or written notice a toll-free telephone number or other cost-free method to communicate the buyer's request for a full refund. If the vendor proposes to substitute goods or services, the vendor shall describe the substitute goods or services in detail, indicating fully how the substitute differs from the goods or services ordered.

(4) (A) Shipping, mailing, or providing substitute goods or services of equivalent or superior quality, if the buyer is extended the opportunity to return the substitute goods or services and the vendor promises to refund to the buyer (i) the cost of returning the substitute goods or services and (ii) any portion of the purchase price previously paid by the buyer.

(B) Except as provided in subparagraph (C), a notice to the buyer shall accompany the mailing, shipping, or providing of the substitute goods or services that informs the buyer of the substitution; describes fully how the substitute differs from the goods or services ordered, except that obvious nontechnical differences, such as color, need not be described; and discloses the buyer's right to reject the substitute goods or services and obtain a full refund of the amount paid, plus the cost of returning the substitute goods or services.

(C) The vendor may omit from the notice required by subparagraph (B) a description of how the substitute goods or services differ from the ordered goods or services if the notice otherwise complies with subparagraph (B), and if all the following requirements are complied with:

(i) The vendor maintains at least 100 retail outlets located in at least 20 counties in this state that are open to the public regularly during normal business hours where buyers can order catalog goods, pick them up, and return them for refunds.

(ii) The vendor maintains a toll-free telephone number and provides to each buyer, at the time of the buyer's call, a full description of how substitute goods or services differ from ordered goods or services. The toll-free telephone number shall operate and be staffed at all times during which goods or services normally are available for pick up from the vendor's retail outlets.

(iii) If the buyer picks up substitute goods or services from the vendor's retail outlet, the notice required by subparagraph (B) as modified by this subparagraph is placed on, or attached to, the exterior of the package or wrapping containing the substitute, or is handed to the buyer at the time the buyer picks up the substitute.

(iv) The notice contains a reference number or some other means of identifying the ordered goods or services and the substitute goods or services.

(v) The notice contains the vendor's toll-free telephone number and instructions to the buyer that the buyer may call that number to obtain a full description of how the substitute differs from the ordered goods.

(b) For purposes of paragraphs (3) and (4) of subdivision (a), goods or services shall be considered of "equivalent or superior quality" only if they are (1) substantially similar to the goods or services ordered, (2) fit for the usual purposes for which the goods or services ordered are

used, and (3) normally offered by the vendor at a price equal to or greater than the price of the goods or services ordered.

(c) When a buyer makes an initial application for an open-end credit plan, as defined in the Federal Consumer Credit Protection Act (15 U.S.C. Sec. 1602), at the same time the goods or services are ordered, and the goods or services are to be purchased on credit, the person conducting the business shall have 50 days, rather than 30 days, to perform the actions specified in this section.

(d) A vendor conducting business through the Internet or any other electronic means of communication shall do all of the following when the transaction involves a buyer located in this state:

(1) Before accepting any payment or processing any debit or credit charge or funds transfer, the vendor shall disclose to the buyer in writing or by electronic means of communication, such as e-mail or an on-screen notice, the vendor's return and refund policy, the legal name under which the business is conducted and, except as provided in paragraph (3), the complete street address from which the business is actually conducted.

(2) If the disclosure of the vendor's legal name and address information required by this subdivision is made by on-screen notice, all of the following shall apply:

(A) The disclosure of the legal name and address information shall appear on any of the following: (i) the first screen displayed when the vendor's electronic site is accessed, (ii) on the screen on which goods or services are first offered, (iii) on the screen on which a buyer may place the order for goods or services, (iv) on the screen on which the buyer may enter payment information, such as a credit card account number, or (v) for nonbrowser-based technologies, in a manner that gives the user a reasonable opportunity to review that information. The communication of that disclosure shall not be structured to be smaller or less legible than the text of the offer of the goods or services.

(B) The disclosure of the legal name and address information shall be accompanied by an adjacent statement describing how the buyer may receive the information at the buyer's e-mail address. The vendor shall provide the disclosure information to the buyer at the buyer's e-mail address within five days of receiving the buyer's request.

(C) Until the vendor complies with subdivision (a) in connection with all buyers of the vendor's goods or services, the vendor shall make available to a buyer and any person or entity who may enforce this section pursuant to Section 17535 on-screen access to the information required to be disclosed under this subdivision.

(3) The complete street address need not be disclosed as required by paragraph (1) if the vendor utilizes a private mailbox receiving service and all of the following conditions are met: (A) the vendor satisfies the conditions described in paragraph (2) of subdivision (b) of Section

17538.5, (B) the vendor discloses the actual street address of the private mailbox receiving service in the manner prescribed by this subdivision for the disclosure of the vendor's actual street address, and (C) the vendor and the private mailbox receiving service comply with all of the requirements of subdivisions (c) to (f), inclusive, of Section 17538.5.

(e) If a buyer is permitted to return goods or cancel a service that he or she purchased or contracted for on or after January 1, 2003, the vendor shall, within 30 days of return of the goods in refundable condition or cancellation of the service and of receipt of sufficient information to enable the vendor to make the refund, including confirmation that the buyer's payment for the purchase or contract has been paid or cleared by the applicable financial institution, process and send to the buyer any refund due to the buyer as a result of the return or cancellation, or, if the buyer's payment was made by means of a third-party creditor, the vendor shall issue a credit memorandum to the third party, pursuant to 12 C.F.R. 226.12(e), within seven business days and the third party shall promptly credit the account in the full amount of the refund.

(f) As used in this section and Section 17538.3, the following words have the following meanings:

(1) "Goods" means tangible chattels, including certificates or coupons exchangeable for those goods, and including goods which, at the time of the sale or subsequently, are to be so affixed to real property as to become a part of that real property, whether or not severable therefrom.

(2) "Person" means an individual, partnership, corporation, association, or other group, however organized.

(3) "Buyer" means a person who seeks or acquires, by purchase or lease, any goods or services for any purpose.

(4) "Services" means work, labor, and services, including services furnished in connection with the sale or repair of goods.

(5) "Vendor" means a person who, as described in subdivision (a), vends, sells, leases, supplies, or ships goods or services, who conducts sales or leases of goods or services, or who offers goods or services for sale or lease. "Vendor" does not include a person responding to an electronic agent in connection with providing goods or services to a buyer if the aggregate amount of all transactions with the buyer does not exceed ten dollars (\$10).

(6) "Internet" means the global information system that is logically linked together by a globally unique address space based on the Internet Protocol (IP), or its subsequent extensions, and that is able to support communications using the Transmission Control Protocol/Internet Protocol (TCP/IP) suite, or its subsequent extensions, or other IP-compatible protocols, and that provides, uses, or makes accessible,



either publicly or privately, high level services layered on the communications and related infrastructure described in this paragraph.

(7) "Electronic agent" means a computer program designed, selected, or programmed to initiate or respond to electronic messages or performances without review by an individual.

(g) Any violation of the provisions of this section is a misdemeanor punishable by imprisonment in the county jail not exceeding six months, by a fine not exceeding one thousand dollars (\$1,000), or by both that imprisonment and fine.

SEC. 2. Section 17538.3 of the Business and Professions Code is amended to read:

17538.3. The provisions of Section 17538 do not apply to any of the following, except that subdivisions (d) and (e) of Section 17538 shall apply to subdivisions (a), (b), (c), and (d) of this section:

(a) To instances in which all advertising for goods or services contains a notice as to each item or service offered, which, in the case of printed advertising, shall be in a type size at least as large as that indicating the price, that a delay may be expected of a specified period. In those cases, one of the events described in Section 17538 must occur no later than the expiration of the period specified in the advertisement.

(b) To goods or services, such as quarterly magazines, which by their nature are not ready for use or consumption until a future date and for that reason cannot be stocked at the time of order.

(c) To installments other than the first of goods, such as magazine subscriptions, ordered for serial delivery.

(d) To any telecommunications goods and services sold by a telecommunications company, except those telecommunications goods and services purchased for use primarily for personal, family, or household purposes.

(e) To financial services offered in the ordinary course of business by a supervised bank, national banking association, bank holding company, a state or federal savings and loan association, a state or federal credit union, or a subsidiary or affiliate thereof, or an authorized industrial loan company, a licensed personal property broker, a licensed consumer finance lender, a licensed commercial finance lender, or a person licensed pursuant to Division 4 (commencing with Section 10000).

(f) To any delay in delivery of goods or services caused by the United States Postal Service, an act of God, or a labor strike by the vendor's employees.

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.

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CHAPTER 327

An act to amend Section 25163.3 of the Health and Safety Code, relating hazardous waste.

[Approved by Governor August 30, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 25163.3 of the Health and Safety Code is amended to read:

25163.3. A person who initially collects hazardous waste at a remote site and transports that hazardous waste to a consolidation site operated by the generator and who complies with the notification requirements of subdivision (d) of Section 25110.10 shall be exempt from the manifest and transporter registration requirements of Sections 25160 and 25163 with regard to the hazardous waste if all of the following conditions are met:

(a) The hazardous waste is a non-RCRA hazardous waste, or the hazardous waste or its transportation is otherwise exempt from, or is not otherwise regulated pursuant to, the federal act.

(b) The conditions and requirements of Section 25121.3 are met.

(c) The regulations adopted by the department pertaining to personnel training requirements for generators are complied with for all personnel handling the hazardous waste during transportation from the remote site to the consolidation site.

(d) The hazardous waste is transported by employees of the generator or by trained contractors under the control of the generator, in vehicles which are under the control of the generator, or by registered hazardous waste transporters. The generator shall assume liability for a spill of hazardous waste being transported under this section by the generator, or a contractor in a vehicle under the control of the generator or contractor. Nothing in this subdivision bars any agreement to insure, hold harmless, or indemnify a party to the agreement for any liability under this section or otherwise bars any cause of action a generator would otherwise have against any other party.

(e) The hazardous waste is not held at any interim location, other than another remote site operated by the same generator, for more than eight hours, unless that holding is required by other provisions of law.

(f) Not more than 275 gallons or 2,500 pounds, whichever is greater, of hazardous waste is transported in any single shipment, except for the following:

(1) A generator who is a public utility, local publicly owned utility, or municipal utility district may transport up to 1,600 gallons of hazardous wastewater from the dewatering of one or more utility vaults, or up to 500 gallons of any other liquid hazardous waste in a single shipment.

(2) A generator who is a public utility, local publicly owned utility, or municipal utility district may transport up to 5,000 gallons of mineral oil from a transformer, circuit breakers, or capacitors, owned by the generator, in a single shipment if the oil does not exhibit the characteristic of toxicity pursuant to the test specified in subparagraph (B) of paragraph (2) of subdivision (a) of Section 66261.24 of Title 22 of the California Code of Regulations.

(g) A shipping paper containing all of the following information accompanies the hazardous waste while in transport, except as provided in subdivision (h):

(1) A list of the hazardous wastes being transported.

(2) The type and number of containers being used to transport each type of hazardous waste.

(3) The quantity, by weight or volume, of each type of hazardous waste being transported.

(4) The physical state, such as solid, powder, liquid, semiliquid, or gas, of each type of hazardous waste being transported.

(5) The location of the remote site where the hazardous waste is initially collected.

(6) The location of any interim site where the hazardous waste is held en route to the consolidation site.

(7) The name, address, and telephone number of the generator, and, if different, the address and telephone number of the consolidation site to which the hazardous waste is being transported.

(8) The name and telephone number of an emergency response contact, for use in the event of a spill or other release.

(9) The name of the individual or individuals who transport the hazardous waste from the remote site to the consolidation site.

(10) The date that the generator first begins to actively manage the hazardous waste at the remote site, the date that the shipment leaves the remote site where the hazardous waste is initially collected, and the date that the shipment arrives at the consolidation site.

(h) A shipping paper is not required if the total quantity of the shipment does not exceed 10 pounds of hazardous waste, except that a shipping paper is required to transport any quantity of extremely or acutely hazardous waste.

(i) All shipments conform with all applicable requirements of the United States Department of Transportation for hazardous materials shipments.

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## CHAPTER 328

An act to amend Section 65892.13 of the Government Code, relating to local planning.

[Approved by Governor August 30, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 65892.13 of the Government Code is amended to read:

65892.13. (a) The Legislature finds and declares all of the following:

(1) California has a shortage of reliable electricity supply, which has led the Governor to proclaim a state of emergency and to issue numerous Executive orders to lessen, and mitigate the effects of, the shortage. The Executive orders, among other things, expedite and shorten the processing of applications for existing and new powerplants, establish an emergency siting process for peaking and renewable powerplants, and relax existing air pollutant emission requirements in order to allow power generation facilities to continue generating much needed electricity.

(2) Wind energy is an abundant, renewable, and nonpolluting energy resource. When converted to electricity, it reduces our dependence on nonrenewable energy resources and reduces air and water pollution that result from conventional sources. Distributed small wind energy systems also enhance the reliability and power quality of the power grid, reduce peak power demands, increase in-state electricity generation, diversify the state's energy supply portfolio, and make the electricity supply market more competitive by promoting consumer choice.

(3) In 2000, the Legislature and Governor recognized the need to promote all feasible adoption of clean, renewable, and distributed energy sources by enacting the Reliable Electric Service Investments Act (Article 15 (commencing with Section 399) of Chapter 2.3 of Part 1 of

Division 1 of the Public Utilities Code). As set forth in Section 399.6 of the Public Utilities Code, the stated objectives of the act include to “increase, in the near term, the quantity of California’s electricity generated by in-state renewable energy resources while protecting system reliability, fostering resource diversity, and obtaining the greatest environmental benefits for California residents.”

(4) Small wind energy systems, designed for onsite home, farm, and small commercial use, are recognized by the Legislature and the State Energy Resources Conservation and Development Commission as an excellent technology to help achieve the goals of increased in-state electricity generation, reduced demand on the state electric grid, increased consumer energy independence, and nonpolluting electricity generation. In June 2001, the commission adopted a Renewable Investment Plan that includes one hundred one million two hundred fifty thousand dollars (\$101,250,000) over the next five years, in the form of a 50-percent buydown incentive for the purchasers of “emerging renewable technologies,” including small wind energy systems.

(5) In light of the state’s electricity supply shortage and its existing program to encourage the adoption of small wind energy systems, it is the intent of the Legislature that any ordinances regulating small wind energy systems adopted by local agencies have the effect of providing for the installation and use of small wind energy systems and that provisions in these ordinances relating to matters including, but not limited to, parcel size, tower height, noise, notice, and setback requirements do not unreasonably restrict the ability of homeowners, farms, and small businesses to install small wind energy systems in zones in which they are authorized by local ordinance. It is the policy of the state to promote and encourage the use of small wind energy systems and to limit obstacles to their use.

(b) The implementation of consistent statewide standards to achieve the timely and cost-effective installation of small wind energy systems is not a municipal affair, as that term is used in Section 5 of Article XI of the California Constitution, but is instead a matter of statewide concern. It is the intent of the Legislature that this section apply to all local agencies, including, but not limited to, charter cities, charter counties, and charter cities and counties.

(c) The following definitions govern this section:

(1) “Small wind energy system” means a wind energy conversion system consisting of a wind turbine, a tower, and associated control or conversion electronics, which has a rated capacity that does not exceed the allowable rated capacity under the Emerging Renewables Fund of the Renewables Investment Plan administered by the California Energy Commission and which will be used primarily to reduce onsite consumption of utility power.

(2) "Tower height" means the height above grade of the fixed portion of the tower, excluding the wind turbine.

(d) Any local agency may, by ordinance, provide for the installation of small wind energy systems in the jurisdiction outside an "urbanized area," as defined in paragraph (2) of subdivision (b) of Section 21080.7 of the Public Resources Code pursuant to this section. The local agency may establish a process for the issuance of a conditional use permit for small wind energy systems.

(1) The ordinance may impose conditions on the installation of small wind energy systems that include, but are not limited to, notice, tower height, setback, view protection, aesthetics, aviation, and design safety requirements. However, the ordinance shall not require conditions on notice, tower height, setbacks, noise level, turbine approval, tower drawings, and engineering analysis, or line drawings that are more restrictive than the following:

(A) Notice of an application for installation of a small wind energy system shall be provided to property owners within 300 feet of the property on which the system is to be located.

(B) Tower heights of not more than 65 feet shall be allowed on parcels between one and five acres and tower heights of not more than 80 feet shall be allowed on parcels of five acres or more, provided that the application includes evidence that the proposed height does not exceed the height recommended by the manufacturer or distributor of the system.

(C) Setbacks for the system tower shall be no farther from the property line than the height of the system, provided that it also complies with any applicable fire setback requirements pursuant to Section 4290 of the Public Resources Code.

(D) Decibel levels for the system shall not exceed the lesser of 60 decibels (dBA), or any existing maximum noise levels applied pursuant to the noise element of a general plan for the applicable zoning classification in a jurisdiction, as measured at the closest neighboring inhabited dwelling, except during short-term events such as utility outages and severe wind storms.

(E) The system's turbine must have been approved by the California Energy Commission as qualifying under the Emerging Renewables Fund of the commission's Renewables Investment Plan or certified by a national program recognized and approved by the Energy Commission.

(F) The application shall include standard drawings and an engineering analysis of the system's tower, showing compliance with the Uniform Building Code or the California Building Standards Code and certification by a professional mechanical, structural, or civil engineer licensed by this state. However, a wet stamp shall not be

required, provided that the application demonstrates that the system is designed to meet the most stringent wind requirements (Uniform Building Code wind exposure D), the requirements for the worst seismic class (Seismic 4), and the weakest soil class, with a soil strength of not more than 1,000 pounds per square foot, or other relevant conditions normally required by a local agency.

(G) The system shall comply with all applicable Federal Aviation Administration requirements, including Subpart B (commencing with Section 77.11) of Part 77 of Title 14 of the Code of Federal Regulations regarding installations close to airports, and the State Aeronautics Act (Part 1 (commencing with Section 21001) of Division 9 of the Public Utilities Code).

(H) The application shall include a line drawing of the electrical components of the system in sufficient detail to allow for a determination that the manner of installation conforms to the National Electric Code.

(2) The ordinance may require the applicant to provide information demonstrating that the system will be used primarily to reduce onsite consumption of electricity. The ordinance may also require the application to include evidence, unless the applicant does not plan to connect the system to the electricity grid, that the electric utility service provider that serves the proposed site has been informed of the applicant's intent to install an interconnected customer-owned electricity generator.

(3) A small wind energy system shall not be allowed where otherwise prohibited by any of the following:

(A) A local coastal program and any implementing regulations adopted pursuant to the California Coastal Act, Division 20 (commencing with Section 30000) of the Public Resources Code.

(B) The California Coastal Commission, pursuant to the California Coastal Act, Division 20 (commencing with Section 30000) of the Public Resources Code.

(C) The regional plan and any implementing regulations adopted by the Tahoe Regional Planning Agency pursuant to the Tahoe Regional Planning Compact, Title 7.4 (commencing with Section 66800) of the Government Code.

(D) The San Francisco Bay Plan and any implementing regulations adopted by the San Francisco Bay Conservation and Development Commission pursuant to the McAteer-Petris Act, Title 7.2 (commencing with Section 66600) of the Government Code.

(E) A comprehensive land use plan and any implementing regulations adopted by an airport land use commission pursuant to Article 3.5 (commencing with Section 21670) of Chapter 4 of Division 9 of Part 1 of the Public Utilities Code.

(F) The Alquist-Priolo Earthquake Fault Zoning Act, Chapter 7.5 (commencing with Section 2621) of Division 2 of the Public Resources Code.

(G) A local agency to protect the scenic appearance of the scenic highway corridor designated pursuant to Article 2.5 (commencing with Section 260) of Chapter 2 of Division 1 of the Streets and Highways Code.

(H) The terms of a conservation easement entered into pursuant to Chapter 4 (commencing with Section 815) of Division 2 of Part 2 of the Civil Code.

(I) The terms of an open-space easement entered into pursuant to the Open-Space Easement Act of 1974, Chapter 6.6 (commencing with Section 51070) of Division 1 of Title 5 of the Government Code.

(J) The terms of an agricultural conservation easement entered into pursuant to the California Farmland Conservancy Program Act, Division 10.2 (commencing with Section 10200) of the Public Resources Code.

(K) The terms of a contract entered into pursuant to the Williamson Act, Chapter 7 (commencing with Section 51200) of Division 1 of Title 5 of the Government Code.

(L) The listing of the proposed site in the National Register of Historic Places or the California Register of Historical Resources pursuant to Section 5024.1 of the Public Resources Code.

(4) If the governing authority of the restricted military airspace known as "R-2515" files a detailed diagram of that restricted military airspace with a local agency, and if a local agency receives an application to install a small wind energy system on a site that is within that restricted military airspace, then the local agency shall promptly forward a copy of that application to the governing authority of that restricted military airspace. If the governing authority of the restricted military airspace known as "R-2515" provides written comments regarding that application, the local agency shall consider those comments before acting on the application.

(5) In the event a small wind energy system is proposed to be sited in an agricultural area that may have aircraft operating at low altitudes, the local agency shall take reasonable steps, concurrent with other notices issued pursuant to this subdivision, to notify pest control aircraft pilots registered to operate in the county pursuant to Section 11921 of the Food and Agricultural Code.

(6) Notwithstanding the requirements of paragraph (1), a local agency may, if it deems it necessary due to circumstances specific to the proposed installation, provide notice by placing a display advertisement of at least one-eighth page in at least one newspaper of general circulation within the local agency in which the installation is proposed.



(7) Nothing in this section shall be construed to alter or affect existing law regarding the authority of local agencies to review an application.

(e) Notwithstanding subdivision (f), any local agency that has not adopted an ordinance in accordance with subdivision (d) by July 1, 2002, may adopt such an ordinance at a later date, but any applications that are submitted between July 1, 2002, and the adopted date of the ordinance must be approved pursuant to subdivision (f).

(f) Any local agency that has not adopted an ordinance pursuant to subdivision (d) on or before July 1, 2002, shall approve applications for small wind energy systems by right if all of the following conditions are met:

(1) The size of the parcel where the system is located is at least one acre and is outside an "urbanized area," as defined in paragraph (2) of subdivision (b) of Section 21080.7 of the Public Resources Code.

(2) The tower height on parcels that are less than five acres does not exceed 80 feet.

(3) No part of the system, including guy wire anchors, extends closer than 30 feet to the property boundary, provided that it also complies with any applicable fire setback requirements pursuant to Section 4290 of the Public Resources Code.

(4) The system does not exceed 60 decibels (dBA), as measured at the closest neighboring inhabited dwelling, except during short-term events such as utility outages and severe wind storms.

(5) The system's turbine has been approved by the State Energy Resources Conservation and Development Commission as qualifying under the Emerging Renewables Fund of the commission's Renewables Investment Plan or certified by a national program recognized and approved by the Energy Commission.

(6) The application includes standard drawings and an engineering analysis of the tower, showing compliance with the Uniform Building Code or the California Building Standards Code and certification by a licensed professional engineer. A wet stamp is not required if the application demonstrates that the system is designed to meet the most stringent wind requirements (Uniform Building Code wind exposure D), the requirements for the worst seismic class (Seismic 4), and the weakest soil class, with a soil strength of not more than 1,000 pounds per square foot, or other relevant conditions normally required by a local agency.

(7) The system complies with all applicable Federal Aviation Administration requirements, including any necessary approvals for installations close to airports, and the requirements of the State Aeronautics Act (Part 1 (commencing with Section 21001) of Division 9 of the Public Utilities Code).



(8) The application includes a line drawing of the electrical components of the system in sufficient detail to allow for a determination that the manner of installation conforms to the National Electric Code.

(9) Unless the applicant does not plan to connect the system to the electricity grid, the application includes evidence, that the electric utility service provider that serves the proposed site has been informed of the applicant's intent to install an interconnected customer-owned electricity generator.

(10) A small wind energy system shall not be allowed where otherwise prohibited by any of the following:

(A) A local coastal program and any implementing regulations adopted pursuant to the California Coastal Act, Division 20 (commencing with Section 30000) of the Public Resources Code.

(B) The California Coastal Commission, pursuant to the California Coastal Act, Division 20 (commencing with Section 30000) of the Public Resources Code.

(C) The regional plan and any implementing regulations adopted by the Tahoe Regional Planning Agency pursuant to the Tahoe Regional Planning Compact, Title 7.4 (commencing with Section 66800) of the Government Code.

(D) The San Francisco Bay Plan and any implementing regulations adopted by the San Francisco Bay Conservation and Development Commission pursuant to the McAteer-Petris Act, Title 7.2 (commencing with Section 66600) of the Government Code.

(E) A comprehensive land use plan and any implementing regulations adopted by an airport land use commission pursuant to Article 3.5 (commencing with Section 21670) of Chapter 4 of Division 9 of Part 1 of the Public Utilities Code.

(F) The Alquist-Priolo Earthquake Fault Zoning Act, Chapter 7.5 (commencing with Section 2621) of Division 2 of the Public Resources Code.

(G) A local agency to protect the scenic appearance of the scenic highway corridor designated pursuant to Article 2.5 (commencing with Section 260) of Chapter 2 of Division 1 of the Streets and Highways Code.

(H) The terms of a conservation easement entered into pursuant to Chapter 4 (commencing with Section 815) of Division 2 of Part 2 of the Civil Code.

(I) The terms of an open-space easement entered into pursuant to the Open-Space Easement Act of 1974, Chapter 6.6 (commencing with Section 51070) of Division 1 of Title 5 of the Government Code.

(J) The terms of an agricultural conservation easement entered into pursuant to the California Farmland Conservancy Program Act,

Division 10.2 (commencing with Section 10200) of the Public Resources Code.

(K) The terms of a contract entered into pursuant to the Williamson Act, Chapter 7 (commencing with Section 51200) of Division 1 of Title 5 of the Government Code.

(L) On a site listed in the National Register of Historic Places or the California Register of Historical Resources pursuant to Section 5024.1 of the Public Resources Code.

(11) If the governing authority of the restricted military airspace known as "R-2515" files a detailed diagram of that restricted military airspace with a local agency, and if a local agency receives an application to install a small wind energy system on a site that is within that restricted military airspace, then the local agency shall promptly forward a copy of that application to the governing authority of that restricted military airspace. If the governing authority of the restricted military airspace known as "R-2515" provides written comments regarding that application, the local agency shall consider those comments before acting on the application.

(12) In the event that a proposed site for a small wind energy system is in an agricultural area that may have aircraft operating at low altitudes, the local agency shall take reasonable steps, concurrent with other notices issued pursuant to this subdivision, to notify pest control aircraft pilots registered to operate in the county pursuant to Section 11921 of the Food and Agricultural Code.

(13) No other local ordinance, policy, or regulation shall be the basis for a local agency to deny the siting and operation of a small wind energy system under this subdivision.

(14) No changes in the general plan shall be required to implement this subdivision. Any local agency, when amending its zoning ordinance or general plan to incorporate the policies, procedures, or other provisions applicable to the approval of small wind energy systems, must do so in a manner consistent with the requirements of this subdivision and the Permit Streamlining Act (commencing with Section 65920).

(g) This section does not limit the authority of local agencies to adopt less restrictive requirements for the siting and operation of small wind energy systems.

(h) A local agency shall review an application for a small wind energy system as expeditiously as possible pursuant to the timelines established in the Permit Streamlining Act (commencing with Section 65920).

(i) Fees charged by a local agency to review an application for a small wind energy system shall be determined in accordance with Chapter 5 (commencing with Section 66000).

(j) Any requirement of notice to property owners imposed pursuant to subdivision (d) shall ensure that responses to the notice are filed in a timely manner.

(k) This section shall become inoperative on July 1, 2005, and as of January 1, 2006, is repealed, unless a later enacted statute, that becomes effective on or before January 1, 2006, deletes or extends that date.

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 circumstances of the restricted military airspace known as "R-2515." The facts constituting the special circumstances are:

Federal agencies, including the Department of Defense and the Federal Aviation Administration, have designated certain specific areas as restricted military airspace in recognition of their vital national security importance. High-speed aircraft use the restricted military airspace known as "R-2515" for low-level operations that may be compromised by the siting of small wind energy systems.

SEC. 3. Notwithstanding Section 17610 of the Government Code, 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. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

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## CHAPTER 329

An act to repeal Section 5080.27 of the Public Resources Code, relating to state parks.

[Approved by Governor August 30, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 5080.27 of the Public Resources Code is repealed.

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## CHAPTER 330

An act to add Chapter 3.6 (commencing with Section 7290) to Part 1.7 of Division 2 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Chapter 3.6 (commencing with Section 7290) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

## CHAPTER 3.6. DAVIS TRANSACTIONS AND USE TAX

7290. (a) Subject to subdivision (b), the City of Davis may levy a transactions and use tax at a rate of 0.25 percent or 0.5 percent, if an ordinance proposing that tax is approved by a two-thirds vote of all of the members of the city council and the tax is approved by either a two-thirds or a majority vote of qualified voters of the city voting in an election on the issue, as determined by the ordinance proposing the tax and establishing how the revenues derived from the tax shall be expended.

(b) Any transactions and use tax imposed pursuant to this section shall be levied in accordance with Part 1.6 (commencing with Section 7251).

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 uniquely difficult fiscal pressures being experienced by the City of Davis in providing essential services and funding for city programs and operations.

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CHAPTER 331

An act to add Chapter 2.64 (commencing with Section 7286.24) to Part 1.7 of Division 2 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Chapter 2.64 (commencing with Section 7286.24) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

CHAPTER 2.64. QUALIFIED CITY TRANSACTIONS AND USE TAXES

7286.24. (a) (1) In addition to any tax levied pursuant to Part 1.5 (commencing with Section 7200) and any other tax authorized by this part, and subject to paragraph (2), a qualified city may levy a transactions and use tax at a rate of 0.25 percent, or a multiple thereof not to exceed 1 percent, if both of the following conditions are met:

(A) An ordinance proposing the transactions and use tax is approved by a majority vote of all the members of the city council.

(B) The proposing ordinance is approved by a two-thirds majority of qualified voters of the city in an election on the issue.

(2) (A) Any transactions and use tax levied under this section shall be levied pursuant to the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)).

(B) The net revenues derived from a tax levied under this section shall be exclusively expended for the maintenance, repair, replacement, construction, or reconstruction of the qualified city's road system.

(b) For purposes of this section "qualified city" means the City of Clearlake, the City of Fort Bragg, the City of Point Arena, the City of Ukiah, and the City of Willits.

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 uniquely difficult fiscal pressures being experienced by the cities specified in Section 1 of this act in providing maintenance, repair, replacement, construction, and reconstruction services for the cities' road systems.

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CHAPTER 332

An act to add Section 354.3 to the Code of Civil Procedure, relating to limitation of actions.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. The Legislature finds and declares the following:

(a) In addition to the many atrocities that befell the victims of the Nazi regime, treasured pieces of artwork were wrongfully taken.

(b) Thousands of victims of Nazi persecution, and the heirs of victims of Nazi persecution, are residents of the State of California. Many of these victims and descendants are investigating the whereabouts of artwork that rightfully belonged to their families.

(c) California has a moral and public policy interest in assuring that its residents and citizens are given a reasonable opportunity to commence an action in court for those pieces of artwork now located in museums and galleries.

(d) Museums are committed to resolving claims for Holocaust-era artwork in an amicable and timely manner, and to undertaking every effort to conduct thorough provenance research to identify artwork that may have been stolen during the Holocaust Era.

(e) Currently, an individual has three years, after discovering the whereabouts of the artwork, to commence an action in court.

(f) Due to the unique circumstances surrounding the theft of Holocaust-era artwork, commencement of an action requires detailed investigation in several countries, involving numerous historical documents and the input of experts.

(g) In order to obtain all necessary data, investigating a prospective action may take several years.

(h) The current three-year statute of limitation, after discovery of the whereabouts of the artwork, is an insufficient amount of time to finance, investigate, and commence an action.

(i) To the extent that the enactment of this act will extend the statute of limitation, that extension of the limitation period is intended to be applied retroactively, irrespective of whether the claims were barred by any applicable statute of limitation under any other provision of law prior to the enactment of this act.

SEC. 2. Section 354.3 is added to the Code of Civil Procedure, to read:

354.3. (a) The following definitions govern the construction of this section:

(1) "Entity" means any museum or gallery that displays, exhibits, or sells any article of historical, interpretive, scientific, or artistic significance.

(2) "Holocaust-era artwork" means any article of artistic significance taken as a result of Nazi persecution during the period of 1929 to 1945, inclusive.

(b) Notwithstanding any other provision of law, any owner, or heir or beneficiary of an owner, of Holocaust-era artwork, may bring an action to recover Holocaust-era artwork from any entity described in paragraph (1) of subdivision (a). Subject to Section 410.10, that action may be brought in a superior court of this state, which court shall have jurisdiction over that action until its completion or resolution. Section 361 does not apply to this section.

(c) Any action brought under this section shall not be dismissed for failure to comply with the applicable statute of limitation, if the action is commenced on or before December 31, 2010.

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## CHAPTER 333

An act relating to emergency medical services.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

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

(a) Access to trauma and emergency medical services has been greatly reduced in recent years due to emergency department closures and a great increase in uninsured patients without access to primary care. As a result, ambulance diversion and waiting time has dramatically increased.

(b) Eighty percent of licensed emergency departments reported monetary losses during the 1999–2000 fiscal year.

(c) Hospitals and physicians provided over four hundred fifty million dollars (\$450,000,000) in uncompensated emergency medical services last year.

(d) California lacks a statewide trauma and emergency medical services plan.

SEC. 2. (a) The Emergency Medical Services Authority (EMSA) shall convene a task force of interested parties to study the delivery and provision of emergency medical services in California.

(b) The task force shall do all of the following:

(1) (A) Develop a plan to ensure that all Californians are served by appropriate coverage areas for emergency and trauma services and that sufficient numbers of emergency departments and trauma centers exist to serve each area's population. If the task force determines that some areas lack coverage, it shall develop recommendations to extend coverage to those areas.

(B) The plan developed pursuant to subparagraph (A) shall include specific consideration of, and recommendations developed by the task force for, ensuring access to emergency and trauma services for uninsured patients.

(2) Review emergency department and trauma center standards to ensure appropriate levels of care that maximize state resources and ensure coverage for all Californians including, but not limited to, the State Department of Health Services emergency department regulations and EMSA trauma center regulations.

(3) Review the roles, responsibilities, and interactions of the EMSA and the State Department of Health Services related to emergency medical service oversight and administration.

(4) Submit a report that includes the plan described in paragraph (1) and the recommendations of the task force with regard to paragraphs (1), (2), and (3) to the Legislature within two years from the date that funding and positions have been provided for the project.

(c) The task force shall be comprised of all the following members:

(1) Three members appointed by the Senate Committee on Rules, at least one of whom is a member of the Senate, and at least one of whom is a public member.

(2) Three members appointed by the Speaker of the Assembly, at least one of whom is a member of the Assembly, and at least one of whom is a public member.

(3) One representative appointed by EMSA from a list provided by the California Medical Association.

(4) One representative appointed by EMSA from a list provided by the California Healthcare Association.

(5) One representative appointed by EMSA from a list provided by the California Chapter of the American College of Emergency Physicians.

(6) One representative appointed by EMSA from a list provided by the California Professional Firefighters.

(7) One representative appointed by EMSA from a list provided by the Emergency Medical Services Administrators Association of California.

(8) One representative appointed by EMSA from a list provided by the California Nurses Association.

(9) One representative appointed by EMSA from a list provided by the California Ambulance Association.

(10) One representative appointed by EMSA from a list provided by consumer organizations.

(11) One representative appointed by EMSA from a list provided by the Rural Healthcare Center.



(12) One representative appointed by EMSA from a list provided by the California Children's Hospital Association.

(13) One representative appointed by EMSA from a list provided by the Children's Specialty Care Coalition.

(14) One representative appointed by EMSA from a list provided by the California Association of Public Hospitals and Health Systems.

(15) One representative of organized labor, appointed by EMSA.

(16) One representative appointed by EMSA from a list provided by the California Emergency Nurses Association.

(17) One representative appointed by EMSA from a list provided by the California State Firefighters' Association.

(18) One representative from the State Department of Health Services appointed by the director of the department.

(19) One representative appointed by EMSA from a list provided by the California Fire Chiefs Association.

(20) One representative appointed by EMSA from a list provided by the California Dental Association.

(d) The task force shall terminate after issuing the report required by subdivision (b).

(e) This section shall be implemented only to the extent that the authority obtains private funding needed to support and monitor the work of the task force for the purposes of this section.

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## CHAPTER 334

An act to amend Sections 21660, 21661, 21662, and 21663 of, to amend the heading of Article 6 (commencing with Section 21660) of Chapter 9 of Division 8 of, and to add Section 21663.1 to, the Business and Professions Code, relating to swap meets, flea markets, and open-air markets.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. The heading of Article 6 (commencing with Section 21660) of Chapter 9 of Division 8 of the Business and Professions Code is amended to read:

Article 6. Swap Meets, Flea Markets, and Open-Air Markets

SEC. 2. Section 21660 of the Business and Professions Code is amended to read:

21660. It is the intent of the Legislature in enacting this article to require the reporting of personal property exchanged, sold, or offered for sale or exchange at swap meets, flea markets, and open-air markets, and information regarding vendors selling or displaying new merchandise, for the purpose of ensuring that swap meet, open-air market, and flea market operators and vendors are in complete compliance with all state laws and regulations applicable to displaying, offering for sale, selling, and exchanging new and previously owned merchandise.

This article shall apply to operators and vendors at swap meets, flea markets, and open-air markets unless the merchandise or the transaction is specifically exempt under this article and shall not be superseded or supplanted by any provisions or ordinances or charters of any city, county, or city and county, nor supplemented by any local ordinances or charters or provisions. Nothing contained in this article shall be deemed to affect the land use and zoning regulatory power of a local agency, nor be construed to require any local agency to permit swap meets, flea markets, or open-air markets if local land use or zoning regulations prohibit those operations.

Any transaction that is regulated by this article shall not be subject to the provisions of Article 4 (commencing with Section 21625), regulating transactions in identifiable secondhand tangible personal property. No person, partnership, or corporation shall be considered a "secondhand dealer" within the meaning of Section 21626 because of activities regulated by this article.

Article 5 (commencing with Section 21650) of this chapter shall not apply to operators or vendors at swap meets, flea markets, or open-air markets.

SEC. 3. Section 21661 of the Business and Professions Code is amended to read:

21661. (a) As used in this article, the term "swap meet" includes a flea market or an open-air market and means an event at which two or more persons offer merchandise for sale or exchange and that meets one of the following conditions:

(1) A fee is charged for the privilege of offering or displaying merchandise for sale or exchange.

(2) A fee is charged to prospective buyers for parking or for admission to the area where merchandise is offered or displayed for sale or exchange.

(3) The event is held more than six times in any 12-month period.

(b) Notwithstanding subdivision (a), the term “swap meet,” as used in this article, includes a flea market or an open-air market and means an event, regardless of the number of persons offering or displaying personal property or the absence of fees, at which used personal property is offered or displayed for sale or exchange if the event is held more than six times in any 12-month period.

(c) The term “swap meet,” as used in this article, is interchangeable and applicable to “flea markets,” “indoor swap meets,” “open-air markets,” or other similar terms, regardless of whether these events are held either inside a building or outside in the open. The primary characteristic is that these activities involve a series of sales sufficient in number, scope, and character to constitute a regular course of business.

(d) “Operator,” as used in this article, means any person, partnership, organization or corporation that controls, manages, conducts or otherwise administers a swap meet.

(e) “Vendor,” as used in this article, means any person, partnership, organization or corporation who exchanges, sells, or offers for sale or exchange any merchandise at a swap meet. A swap meet vendor shall be classified according to the following categories:

(1) A “casual swap meet vendor” means a vendor who participates in a swap meet two times or less per year.

(2) A “regular swap meet vendor” means a vendor who participates in a swap meet three or more times per year.

SEC. 4. Section 21662 of the Business and Professions Code is amended to read:

21662. The provisions of this article shall not apply to:

(a) An event held not more than two times per calendar year that is organized for the exclusive benefit of any community chest, fund, foundation, association, or corporation organized and operated for religious, educational, hospital, or charitable purposes, if no part of any admission fee or parking fee charged vendors or prospective purchasers, or the gross receipts or net earnings from the sale or exchange of merchandise, whether in the form of a percentage of the receipts or earnings, as salary, or otherwise, inures to the benefit of any private shareholder or person participating in the organization or conduct of the event.

(b) An event at which all of the merchandise offered or displayed is new, and all persons selling, exchanging, offering, or displaying merchandise for sale or exchange are manufacturers or licensed retail or wholesale merchants.

(c) Any vehicle or trailer or any vehicle accessory or vehicle part usable for a motor vehicle eligible for vehicle registration under Section

5004 of the Vehicle Code, and items of memorabilia or history, or both, relating to these vehicles.

SEC. 5. Section 21663 of the Business and Professions Code is amended to read:

21663. (a) Except as provided in Section 21663.1, every vendor shall report all merchandise offered or displayed for sale or exchange on a form, prescribed or approved by the California Department of Justice, containing all the following information:

- (1) The name and address of the vendor.
- (2) A description of the merchandise offered for sale or exchange, including serial numbers and personal identification marks, or if there is no serial number, other identification marks or symbols, if any, or a general description of the item.
- (3) A certification by the vendor that to his or her knowledge and belief, the information contained on the form is true.
- (4) The make, year, color, state of registration, and license number of the vehicle or vehicles in which the merchandise is transported to the swap meet.
- (5) The California seller's permit number (State Board of Equalization sales tax number), if any, of the vendor.
- (6) The vendor's motor vehicle driver's license number and its state of issuance or California identification card numbers.
- (7) If the vendor is an agent of an individual, company, partnership or corporation, the name and business address of the principal.
- (8) The dates of sale for which the report is made.
- (9) A receipt number given by the operator for the dates of the sale or the space used by the vendor.
- (10) A requirement that the vendor check an appropriate box that sets forth his or her permit number for sales tax purposes.

If the vendor's permit number is not listed in the appropriate place on the form, the vendor shall indicate that he or she has not and does not contemplate making more than two sales of sufficient size, scope, and character within a 12-month period to require a permit.

(b) In addition to the official governmental form, consisting of an original and at least two copies, the information required may be recorded on a computerized or other similar record that contains the same information required by subdivision (a).

(c) In no case shall a swap meet owner or operator be liable or responsible for the accuracy of, or any discrepancy in, any information submitted by the vendors on the forms provided to them by the swap meet owners or operators.

SEC. 6. Section 21663.1 is added to the Business and Professions Code, to read:

21663.1. (a) A vendor selling or displaying new merchandise and a vendor holding a business license issued by a city, county, or city and county of this state are not required to comply with Section 21633 if the swap meet is conducted at the same location at least once per month on real property owned by the operator or leased to the operator for a period of not less than one year.

(b) A vendor meeting the conditions of subdivision (a) shall, at a minimum, provide the operator with the following information prior to offering or displaying merchandise for sale at the event:

(1) The name and address of the vendor.

(2) The vendor's California seller's permit number (State Board of Equalization sales tax number).

(3) The vendor's motor vehicle driver's license number and its state of issuance or his or her California identification card number.

(4) The vendor's business license number and its city or county of issuance, unless the vendor is operating under a business license issued to the operator.

(c) The operator shall maintain the information required by this section in written or electronic form for six months after the date of its receipt and shall make copies of the information available for inspection, upon request, to any peace officer or any authorized representative of the Board of Equalization or Department of Justice.

(d) In no case shall the operator be liable for the accuracy of, or any discrepancy in, any information submitted by a vendor.

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.

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## CHAPTER 335

An act to amend Section 466 of the Penal Code, relating to crimes.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 466 of the Penal Code is amended to read:

466. Every person having upon him or her in his or her possession a picklock, crow, keybit, crowbar, screwdriver, vise grip pliers, water-pump pliers, slidehammer, slim jim, tension bar, lock pick gun, tubular lock pick, floor-safe door puller, master key, ceramic or porcelain spark plug chips or pieces, or other instrument or tool with intent feloniously to break or enter into any building, railroad car, aircraft, or vessel, trailer coach, or vehicle as defined in the Vehicle Code, or who shall knowingly make or alter, or shall attempt to make or alter, any key or other instrument named above so that the same will fit or open the lock of a building, railroad car, aircraft, vessel, trailer coach, or vehicle as defined in the Vehicle Code, without being requested to do so by some person having the right to open the same, or who shall make, alter, or repair any instrument or thing, knowing or having reason to believe that it is intended to be used in committing a misdemeanor or felony, is guilty of a misdemeanor. Any of the structures mentioned in Section 459 shall be deemed to be a building within the meaning of this section.

SEC. 2. It is the intent of the Legislature in enacting this measure to add only ceramic or porcelain spark plug chips or pieces, not other common objects such as rocks or pieces of metal that can be used to break windows, to the list of burglary tools in Section 466 of the Penal Code.

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.

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## CHAPTER 336

An act to amend the heading of Article 5.5 (commencing with Section 1374.20) to Chapter 2.2 of Division 2 of, and to amend, renumber, and add Section 1374.20 to, the Health and Safety Code, and to add Section 10199.48 to the Insurance Code, relating to health care.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. It is the intent of the Legislature to protect consumers from being charged higher rates after enrolling in or renewing a contract

with a health care service plan or a health insurer for coverage for the following year.

SEC. 2. The heading of Article 5.5 (commencing with Section 1374.20) of Chapter 2.2 of Division 2 of the Health and Safety Code is amended to read:

Article 5.5. Health Care Service Plan Coverage Contract Changes

SEC. 3. Section 1374.20 of the Health and Safety Code is amended and renumbered to read:

1374.29. The purpose of this article is to promote the public interest, to prevent unfair and unlawful health care business practices, and to promote adequate consumer and employer advance notice of changes in the cost of health coverage in order to allow for comparative shopping and to reduce the cost of health coverage.

SEC. 4. Section 1374.20 is added to the Health and Safety Code, to read:

1374.20. (a) No group health care service plan shall change the premium rates or applicable copayments or coinsurances or deductibles for the length of the contract, except as specified in subdivision (b), during any of the following time periods:

(1) After the group contractholder has delivered written notice of acceptance of the contract.

(2) After the start of the employer's annual open enrollment period.

(3) After the receipt of payment of the premium for the first month of coverage in accordance with the contract effective date.

(b) Changes to the premium rates or applicable copayments or coinsurances or deductibles of a contract shall, subject to the plan meeting the requirements of this article, be allowed in any of the following circumstances:

(1) When authorized or required in the group contract.

(2) When the contract was agreed to under a preliminary agreement that states that it is subject to execution of a definitive agreement.

(3) When the plan and contractholder mutually agree in writing.

SEC. 5. Section 10199.48 is added to the Insurance Code, to read:

10199.48. (a) No health insurer shall, with regard to a group contract, change the premium rates or applicable copayments or coinsurances or deductibles for the length of the contract, except as specified in subdivision (b), during any of the following time periods:

(1) After the group policyholder or group contractholder has delivered written notice of acceptance of the contract or policy.

(2) After the start of the employer's annual open enrollment period.

(3) After the receipt of payment of the premium for the first month of coverage in accordance with the contract or policy effective date.

(b) Changes to the premium rates or applicable copayments or coinsurances or deductibles of a contract or policy shall, subject to the insurer meeting the requirements of this chapter, be allowed in any of the following circumstances:

- (1) When authorized or required in the group contract or policy.
- (2) When the contract or policy was agreed to under a preliminary agreement that states that it is subject to execution of a definitive agreement.
- (3) When the insurer and the policyholder or contractholder mutually agree in writing.

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.

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## CHAPTER 337

An act to amend Section 5814 of the Welfare and Institutions Code, relating to mental health.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

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

- (1) There are approximately 50,000 homeless Californians who suffer from severe mental illness, including 10,000 to 20,000 veterans.
- (2) Chapter 617 of the Statutes of 1999 (AB 34), which authorized ten million dollars (\$10,000,000) in demonstration grants for pilot programs in three counties to serve people who are severely mentally ill and homeless or at risk of homelessness, has proven by evaluation to be overwhelmingly successful and, therefore, has expanded to 36 cities and counties to serve nearly 5,000 people.
- (3) Homelessness has proven to be a vexing and seemingly unsolvable problem in California; however, the AB 34 programs have proven that the problem of homelessness for persons with severe mental illness can be solved.



(4) One of the keys to these successful AB 34 programs is the use of integrated services that meet the individualized needs of clients to move them to stability.

(5) The average cost per client for AB 34 services is fourteen thousand dollars (\$14,000) annually, or approximately thirty-eight dollars (\$38) per day, compared to as much as four hundred fifty dollars (\$450) per day for hospitalization or for incarceration in the psychiatric ward of a jail.

(6) AB 34 programs have resulted in cost savings by reducing by 78 percent the number of days clients are homeless, by 84 percent the number of days clients are incarcerated, and by 78 percent the number of days clients are hospitalized. In addition, the program has resulted in a 33 percent increase in full-time employment of clients, and a 23 percent increase in part-time employment of clients.

(7) This successful program should be replicated and expanded whenever possible, and particularly when cost savings can be demonstrated as a result of the program.

(b) It is the intent of the Legislature to enact legislation that would provide additional funding for the mental health services demonstration grant program, established in Section 5814.5 of the Welfare and Institutions Code, in the 2002–03 fiscal year in order to ensure that the first three counties receiving grants pursuant to Chapter 617 of the Statutes of 1999 and Chapter 518 of the Statutes of 2000 (AB 2034) may continue to meet the requirements of the program.

SEC. 2. Section 5814 of the Welfare and Institutions Code is amended to read:

5814. (a) (1) This part shall be implemented only to the extent that funds are appropriated for purposes of this part. To the extent that funds are made available, the first priority shall go to maintain funding for the existing programs that meet adult system of care contract goals. The next priority for funding shall be given to counties with a high incidence of persons who are severely mentally ill and homeless or at risk of homelessness, and meet the criteria developed pursuant to paragraphs (3) and (4).

(2) The director shall establish a methodology for awarding grants under this part consistent with the legislative intent expressed in Section 5802, and in consultation with the advisory committee established in this subdivision.

(3) (A) The director shall establish an advisory committee for the purpose of providing advice regarding the development of criteria for the award of grants, and the identification of specific performance measures for evaluating the effectiveness of grants. The committee shall review evaluation reports and make findings on evidence-based best practices and recommendations for grant conditions. At not less than one meeting

annually, the advisory committee shall provide to the director written comments on the performance of each of the county programs. Upon request by the department, each participating county that is the subject of a comment shall provide a written response to the comment. The department shall comment on each of these responses at a subsequent meeting.

(B) The committee shall include, but not be limited to, representatives from state, county, and community veterans' services and disabled veterans outreach programs, supportive housing and other housing assistance programs, law enforcement, county mental health and private providers of local mental health services and mental health outreach services, the Board of Corrections, the State Department of Alcohol and Drug Programs, local substance abuse services providers, the Department of Rehabilitation, providers of local employment services, the State Department of Social Services, the Department of Housing and Community Development, a service provider to transition youth, the United Advocates for Children of California, the California Mental Health Advocates for Children and Youth, the Mental Health Association of California, the California Alliance for the Mentally Ill, the California Network of Mental Health Clients, the Mental Health Planning Council, and other appropriate entities.

(4) The criteria for the award of grants shall include, but not be limited to, all of the following:

(A) A description of a comprehensive strategic plan for providing outreach, prevention, intervention, and evaluation in a cost appropriate manner corresponding to the criteria specified in subdivision (c).

(B) A description of the local population to be served, ability to administer an effective service program, and the degree to which local agencies and advocates will support and collaborate with program efforts.

(C) A description of efforts to maximize the use of other state, federal, and local funds or services that can support and enhance the effectiveness of these programs.

(b) In each year in which additional funding is provided by the State Budget the department shall establish programs that offer individual counties sufficient funds to comprehensively serve severely mentally ill adults who are homeless, recently released from a county jail or the state prison, or others who are untreated, unstable, and at significant risk of incarceration or homelessness unless treatment is provided to them and who are severely mentally ill adults. For purposes of this subdivision, "severely mentally ill adults" are those individuals described in subdivision (b) of Section 5600.3. In consultation with the advisory committee established pursuant to paragraph (3) of subdivision (a), the department shall report to the Legislature on or before May 1 of each year

in which additional funding is provided, and shall evaluate, at a minimum, the effectiveness of the strategies in providing successful outreach and reducing homelessness, involvement with local law enforcement, and other measures identified by the department. The evaluation shall include for each program funded in the current fiscal year as much of the following as available information permits:

(1) The number of persons served, and of those, the number who are able to maintain housing, and the number who receive extensive community mental health services.

(2) The number of persons with contacts with local law enforcement and the extent to which local and state incarceration has been reduced or avoided.

(3) The number of persons participating in employment service programs including competitive employment.

(4) The number of persons contacted in outreach efforts who appear to be severely mentally ill, as described in Section 5600.3, who have refused treatment after completion of all applicable outreach measures.

(5) The amount of hospitalization that has been reduced or avoided.

(6) The extent to which veterans identified through these programs' outreach are receiving federally funded veterans' services for which they are eligible.

(7) The extent to which programs funded for three or more years are making a measurable and significant difference on the street, in hospitals, and in jails, as compared to other counties or as compared to those counties in previous years.

(8) For those who have been enrolled in this program for at least two years and who were enrolled in Medi-Cal prior to, and at the time they were enrolled in, this program, a comparison of their Medi-Cal hospitalizations and other Medi-Cal costs for the two years prior to enrollment and the two years after enrollment in this program.

(9) The number of persons served who were and were not receiving Medi-Cal benefits in the 12-month period prior to enrollment and, to the extent possible, the number of emergency room visits and other medical costs for those not enrolled in Medi-Cal in the prior 12-month period.

(c) To the extent that state savings associated with providing integrated services for the mentally ill are quantified, it is the intent of the Legislature to capture those savings in order to provide integrated services to additional adults.

(d) Each project shall include outreach and service grants in accordance with a contract between the state and approved counties that reflects the number of anticipated contacts with people who are homeless or at risk of homelessness, and the number of those who are severely mentally ill and who are likely to be successfully referred for treatment and will remain in treatment as necessary.

(e) All counties that receive funding shall be subject to specific terms and conditions of oversight and training which shall be developed by the department, in consultation with the advisory committee.

(f) (1) As used in this part, "receiving extensive mental health services" means having a personal services coordinator, as described in subdivision (b) of Section 5806, and having an individual personal service plan, as described in subdivision (c) of Section 5806.

(2) The funding provided pursuant to this part shall be sufficient to provide mental health services, medically necessary medications to treat severe mental illnesses, alcohol and drug services, transportation, supportive housing and other housing assistance, vocational rehabilitation and supported employment services, money management assistance for accessing other health care and obtaining federal income and housing support, accessing veterans' services, stipends, and other incentives to attract and retain sufficient numbers of qualified professionals as necessary to provide the necessary levels of these services. These grants shall, however, pay for only that portion of the costs of those services not otherwise provided by federal funds or other state funds.

(3) Methods used by counties to contract for services pursuant to paragraph (2) shall promote prompt and flexible use of funds, consistent with the scope of services for which the county has contracted with each provider.

(g) Contracts awarded pursuant to this part shall be exempt from the Public Contract Code and the state administrative manual and shall not be subject to the approval of the Department of General Services.

(h) Notwithstanding any other provision of law, funds awarded to counties pursuant to this part and Part 4 (commencing with Section 5850) shall not require a local match in funds.

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## CHAPTER 338

An act to add Chapter 2.67 (commencing with Section 7286.28) to Part 1.7 of Division 2 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Chapter 2.67 (commencing with Section 7286.28) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

CHAPTER 2.67. CITY OF SALINAS TRANSACTIONS AND USE TAX

7286.28. (a) Subject to the expenditure restrictions in subdivision (b), the City of Salinas may levy a tax at a rate of 0.25 percent in accordance with the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), if both of the following conditions are met:

(1) An ordinance proposing that tax is approved by a majority vote of all of the members of the city council.

(2) The proposing ordinance is approved by a two-thirds vote of qualified voters of the city voting in an election on the issue.

(b) The net revenues derived from a tax imposed pursuant to this section shall be exclusively expended for the provision of identifiable capital facilities, furnishings, and equipment.

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 uniquely difficult fiscal pressures being experienced by the City of Salinas in providing capital facilities, including, but not limited to, the facilities of the police department, library, municipal pool, gymnasium, and senior center.

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CHAPTER 339

An act to add Section 6503.1 to the Government Code, relating to fire protection.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 6503.1 is added to the Government Code, to read:

6503.1. (a) When property tax revenues of a county of the second class are allocated by that county to an agency formed for the purpose of providing fire protection pursuant to this chapter, those funds may

only be appropriated for expenditure by that agency for fire protection purposes.

(b) As used in this section, "fire protection purposes" means those purposes directly related to, and in furtherance of, providing fire prevention, fire suppression, emergency medical services, hazardous materials response, ambulance transport, disaster preparedness, rescue services, and related administrative costs.

(c) This section shall not be interpreted to alter any provision of law governing the processes by which cities or counties select providers of ambulance transport services.

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## CHAPTER 340

An act to amend Section 114120 of, and to repeal Sections 114125 and 114130 of, the Health and Safety Code, relating to retail food establishments.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. The Legislature finds and declares that there is a public health need for food establishments to provide restroom facilities to patrons, guests, and invitees. Access to restroom facilities not only provides convenience to patrons, guests, and invitees, but also provides them with toilet and handwashing facilities to use prior to the consumption of food, which, in turn, decreases the spread of infectious disease.

SEC. 2. Section 114120 of the Health and Safety Code is amended to read:

114120. (a) (1) For any building that is constructed on or after July 1, 1984, but before January 1, 2004, toilet facilities, in good repair, shall be provided for patrons, guests, or invitees on property used in connection with, or in, each food establishment with more than 20,000 square feet of floorspace.

(2) For purposes of a building subject to paragraph (1), there shall be at least one separate toilet facility for men and one separate toilet facility for women.

(b) (1) For any building that is constructed on or after January 1, 2004, clean toilet facilities, in good repair shall be provided for patrons, guests, or invitees on property used in connection with, or in, each food establishment with more than 20,000 square feet of floorspace, and each

food establishment with less than 20,000 square feet of floorspace that provides space for the consumption of food on the premises.

(2) A building subject to paragraph (1) that has a food establishment with more than 20,000 square feet of floorspace shall provide at least one separate toilet facility for men and one separate toilet facility for women.

(c) (1) Except as provided in subdivision (a), any building that is constructed before January 1, 2004, that has a food establishment that provides space for the consumption of food on the premises shall provide clean toilet facilities, in good repair, for patrons, guests, or invitees on property used in connection with, or in, the food establishment or comply with the requirements set forth in paragraph (2). To comply with the requirements of this paragraph, it is not necessary to construct or add new toilet facilities.

(2) Toilet facilities shall be provided as specified in paragraph (1), or the food establishment shall prominently post a sign within the establishment in a public area stating that toilet facilities are not provided. A notice of warning shall be issued for the first violation of this posting requirement. Subsequent violations of this requirement shall be an infraction, which is punishable by a fine of not more than two hundred fifty dollars (\$250).

(d) For the purposes of this section, the gas pump area of a service station that is maintained in conjunction with a food establishment shall not be considered as property used in connection with the food establishment or be considered in determining the square footage of floorspace of the food establishment.

(e) (1) Toilet rooms shall be separated by well-fitted, self-closing doors that prevent passage of flies, dust, or odors.

(2) Handwashing facilities, in good repair, shall be provided for patrons, guests, or invitees within or adjacent to toilet rooms provided pursuant to this section and shall be equipped with hot and cold running water. Handwashing detergent or soap and sanitary towels or hot air blowers shall be provided at handwashing facilities in permanently installed dispensing devices.

(f) Notwithstanding any other provision of law, and except as provided for in paragraph (2) of subdivision (c), a violation of this section shall be an infraction, which is punishable by a fine not exceeding two hundred fifty dollars (\$250).

(g) Any city, county, or city and county may enact ordinances that are more restrictive than the provisions of this section.

(h) The requirements of this section for restroom facilities that are accessible to patrons, guests, or invitees on the property may be satisfied by permitting access by those persons to the toilet and handwashing facilities that are required by other provisions of this chapter.

SEC. 3. Section 114125 of the Health and Safety Code is repealed.



SEC. 4. Section 114130 of the Health and Safety Code is repealed.

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 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.

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## CHAPTER 341

An act to amend Section 53090 of the overnment Code, to amend Section 20216 of the Public Contract Code, to add Article 21.5 (commencing with Section 20355) to the Public Contract Code, and to add Part 16 (commencing with Section 105000) to Division 10 of the Public Utilities Code, relating to transportation.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 53090 of the Government Code is amended to read:

53090. As used in this article:

(a) "Local agency" means an agency of the state for the local performance of governmental or proprietary function within limited boundaries. "Local agency" does not include the state, a city, a county, a rapid transit district, or a rail transit district whose board of directors is appointed by public bodies or officers or elected from election districts within the area comprising the district, or a district organized pursuant to Part 3 (commencing with Section 27000) of Division 16 of the Streets and Highways Code.

(b) "Building ordinances" means ordinances of a county or city regulating building and construction and removal of buildings, including ordinances relating to the matters set forth in Section 38660 and similar matters, and including ordinances relating to building permits and building inspection.

SEC. 2. Section 20216 of the Public Contract Code is amended to read:

20216. (a) Notwithstanding any other provision of law, any contract by the San Francisco Bay Area Rapid Transit District, the



Southern California Rapid Transit District, the Golden Gate Bridge, Highway and Transportation District, the Sonoma-Marín Area Rail Transit District, the San Diego Metropolitan Transit Development Board, the North San Diego County Transit Development Board, a county transportation commission that is subject to the competitive negotiation provisions of Section 20229.1, 20231.5, or 20916.3 of this code, or Section 120224.4, 125228, or 130238 of the Public Utilities Code, a transit district, city, county, city and county, or transportation agency, that is subject to the competitive negotiation provisions of Section 20217, and any other transportation agency that is authorized to use comparable competitive negotiation provisions after July 1, 1992, shall comply with the requirements of this section.

(b) Other than proprietary information, the content of any request for proposal, any proposal received, and any other communications between a transportation agency and a potential bidder on a contract that is subject to subdivision (a) shall be made available to the public no later than the same time that a recommendation for awarding a contract is made to the governing board or persons responsible for approving the award of a contract to a bidder, except that the price proposed in any bidder's initial proposal shall be available upon the opening of the bid by the agency requesting the proposal.

(c) No person may participate in the evaluation of any proposal for the award of a contract that is subject to subdivision (a) if any of the following conditions apply:

(1) The person has a financial interest in the outcome of the evaluation or the contract.

(2) The person has received a gift of over two hundred fifty dollars (\$250) during the previous 12 months from a bidder directly, or indirectly through an intermediary, if it is known to the person that the gift was in whole or in part funded by the bidder.

(d) The agency board or any person responsible for awarding a contract under this article shall not have any ex parte communication with a bidder or any representative of the bidder except in writing and if the communication is made public.

(e) A contract may not be awarded until 15 days after the staff recommendation has been made available to the public.

(f) An agency using the competitive negotiation process shall maintain in writing, and make available upon request, a complete description of the process and the policies and procedures used by the agency in doing so, including all standards, criteria, public protest procedures, and method of contract award. The agency shall also keep a complete record of its actions on each procurement.

(g) For purposes of this section and Sections 20217, 20229.1, 20231.5, and 20916.3 of this code and Sections 120224.4 and 130238

of the Public Utilities Code, “competitive negotiation” means a procurement process used by an agency in lieu of a competitive sealed bid process when conditions are not appropriate for the use of sealed bids, and that permits the consideration of price, technical experience, past performance, management, or other factors in selecting the most cost-effective proposal for the manufacture and delivery of specified goods, transit vehicles, or equipment. The process includes negotiations with manufacturers or providers after the receipt of initial proposals during which performance or technical standards and other criteria may be revised in order to secure proposals most advantageous to the purchasing agency or to cure any deficiencies contained in the original proposals.

SEC. 3. Article 21.5 (commencing with Section 20355) is added to Chapter 1 of Part 3 of Division 2 of the Public Contract Code, to read:

Article 21.5. Sonoma-Marín Area Rail Transit District

20355. The provisions of this article shall apply to contracts by the Sonoma-Marín Area Rail Transit District, as provided for in Part 16 (commencing with Section 105000) of Division 10 of the Public Utilities Code.

20355.1. The purchase of all supplies, equipment, and materials when the expenditure required exceeds forty thousand dollars (\$40,000), and the construction of facilities and works when the expenditure required exceeds ten thousand dollars (\$10,000), shall be by contract let to the lowest responsible bidder. Notice requesting bids shall be published at least once in a newspaper of general circulation. This publication shall be made at least 10 days before the bids are received. The district may reject any and all bids and readvertise in its discretion.

20355.2. If after rejecting bids the district determines that the supplies, equipment, and materials may be purchased at a lower price in the open market, the district may proceed to purchase the supplies, equipment, and materials in the open market without further observance of the provisions requiring contracts, bids, or notice.

20355.3. In case of an emergency, the board may, by resolution passed by a two-thirds vote of all its members, declare and determine that public interest and necessity demand the immediate expenditure of public money to safeguard life, health, or property, and thereupon proceed to expend or enter into a contract involving the expenditure of any sum needed in the emergency without observance of the provisions requiring contracts, bids, or notice. If notice for bids to let contracts will not be given, the board shall also comply with Chapter 2.5 (commencing with Section 22050).

20355.4. (a) Upon determining that immediate remedial measures are necessary to avert or alleviate damage to property of the district or to repair or restore damaged or destroyed property of the district in order to ensure that the facilities of the district are available to serve the transportation needs of the general public, and upon determining that available remedial measures, including procurement in compliance with Sections 20355, 20355.1, 20355.2, and 20355.3 are inadequate, the general manager may authorize the expenditure of money previously appropriated specifically by the board for the direct purchases of goods and services, without observance of the provisions of those sections.

(b) The general manager shall, after any such expenditure, submit to the board a full report explaining the necessity for the action.

20355.5. All bids for construction work shall be presented under sealed cover and shall be accompanied by one of the following forms of bidder's security:

(a) Cash.

(b) A cashier's check made payable to the district.

(c) A certified check made payable to the district.

(d) A bidder's bond executed by an admitted surety insurer, made payable to the district.

Upon an award to the lowest bidder, the security of an unsuccessful bidder shall be returned in a reasonable period of time, but in no event shall that security be held by the district beyond 60 days from the time the award is made.

20355.6. Notwithstanding Section 20355.1, and upon a finding by two-thirds of all members of the board that the proposed purchase in compliance with Sections 20355.1 and 20355.2 does not constitute a method of procurement adequate for the operation of district facilities or equipment, the board may direct the procurement of prototype equipment or modifications in an amount sufficient to conduct and evaluate operational testing without further observance of any provisions requiring contracts, bids, or notice.

20355.7. (a) Notwithstanding any other provision of law, the governing board of the Sonoma-Marín Area Rail Transit District may direct the purchase of (1) electronic equipment, including, but not limited to, computers, telecommunications equipment, fare collection equipment, radio and microwave equipment, and other related electronic equipment and apparatus used in rail transit operations; and (2) specialized rail transit equipment, including, but not limited to, rail cars, by competitive negotiation upon a finding by two-thirds of all members of the board that the purchase of that equipment 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. This section does not apply to contracts for construction or for the

procurement of any product available in substantial quantities to the general public.

(b) Competitive negotiation, for the purposes of this section, shall include, as a minimum, all of the following elements:

(1) A request for proposal 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, notice of the request for proposal shall be published at least once in a newspaper of general circulation, which publication shall be made at least 10 days before the proposals are received. 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 proposal shall identify 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) The award shall be made to the qualified bidder whose proposal will be most advantageous to the district with price and other factors considered. If the award is not made to the bidder whose proposal contains the lowest price, the board shall make a finding setting forth the basis for the award.

(c) The board may reject any and all proposals and request new proposals at its discretion.

(d) A person who submits, or who plans to submit, a proposal may protest any acquisition conducted in accordance with this section as follows:

(1) Protests based on the content of the request for proposal shall be filed with the district within 10 calendar days after the request for proposal is first advertised in accordance with subdivision (b). The district shall issue a written decision on the protest prior to the opening of proposals. A protest may be renewed by refileing the protest with the district within 15 calendar days after the mailing of the notice of the recommended award.

(2) Any 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 mailing of the notice of the recommended award.

(3) Any protest shall contain a full and complete written statement specifying in detail the grounds of the protest and the facts supporting the protest. Protestors shall have an opportunity to appear and be heard before the board prior to the opening of proposals in the case of protests

based on the content of the request for proposals, 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.

(e) Provisions in any contract concerning women and minority business enterprises, which provisions are in accordance with the request for proposals, shall not be subject to negotiation with the successful bidder.

SEC. 4. Part 16 (commencing with Section 105000) is added to Division 10 of the Public Utilities Code, to read:

## PART 16. SONOMA-MARIN AREA RAIL TRANSIT DISTRICT

### CHAPTER 1. GENERAL PROVISIONS AND DEFINITIONS

105000. This part shall be known and may be cited as the Sonoma-Marina Area Rail Transit District Act.

105001. It is the intent of the Legislature in enacting this part to provide for a unified, comprehensive institutional structure for the ownership and governance of a passenger rail system within the Counties of Sonoma and Marin that shall operate in harmony with existing freight service that operates upon the same rail line and serves the Counties of Humboldt, Marin, Mendocino, Napa, and Sonoma. It is the further intent of the Legislature that the district established by this act may succeed to the powers, duties, obligations, liabilities, immunities, and exemptions of both the Sonoma-Marina Area Rail Transit Commission and the Northwestern Pacific Railroad Authority upon their dissolution. Because there is no general law under which this district could be formed, the adoption of a special act and the formation of a special district is required.

105002. Unless the context otherwise requires, the provisions of this chapter govern the construction of this part.

105003. As used in this part, the following terms have the following meanings:

(a) "District" means the Sonoma-Marina Area Rail Transit District.

(b) "Rail transit" means the transportation of passengers and their incidental baggage by rail.

(c) "Rail transit works" or "rail transit facilities" means any or all real and personal property, equipment, rights or interests owned or to be acquired by the district for rail transit service purposes, including ancillary bicycle and pedestrian pathways that provide connections between and access to station sites.

(d) "Board of directors," "board," or "directors" means the board of directors of the district.

(e) "Public agency" includes the state, and any county, city and county, city, district, or other political subdivision or public entity of, or organized under the laws of, this state, or any department, instrumentality, or agency thereof.

105004. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Part 1 (commencing with Section 56000) Division 3 of Title 5 of the Government Code), shall not apply to the formation or dissolution of the district, or the annexation of additional contiguous territory to the district.

## CHAPTER 2. FORMATION OF DISTRICT

105010. There is hereby created the Sonoma-Marín Area Rail Transit District, comprising the territory lying within the boundaries of the Counties of Marin and Sonoma.

105011. Through compliance with the provisions for annexation set forth in Chapter 7 (commencing with Section 105280), the territory of all or part of any other contiguous county may be included within the district.

105012. (a) Upon the dissolution of the Sonoma-Marín Area Rail Transit Commission and the Northwestern Pacific Railroad Authority, the district shall succeed to any or all of the powers, duties, rights, obligations, liabilities, indebtedness, bonded and otherwise, immunities, and exemptions of the commission and its board of commissioners and the authority and its board of directors.

(b) Upon the dissolution of the Sonoma-Marín Area Rail Transit Commission and the Northwestern Pacific Railroad Authority, the district shall assume the rights and obligations of the commission and the authority under any contract to which the commission or the authority is a party and which is to be performed, in whole or in part, on or after the date of dissolution of the Sonoma-Marín Area Rail Transit Commission and the Northwestern Pacific Railroad Authority, including, without limitation, any existing operating agreements with the North Coast Railroad Authority. The district shall thereafter negotiate in good faith a new operating agreement with the North Coast Railroad Authority. If the parties are unable to reach an agreement on the new operating agreement, the parties shall select a mutually agreed upon third party to mediate a resolution of the dispute.

(c) All real and personal property owned by the Sonoma-Marín Area Rail Transit Commission and the Northwestern Pacific Railroad Authority may be transferred to the district. Any real or personal property owned individually or jointly by the Golden Gate Bridge, Highway and Transportation District, the County of Marin, or the Marin County Transit District, or any other public agency, may be transferred

to the district. The transfer of any right-of-way from the Northwestern Pacific Railroad Authority, the Golden Gate Bridge, Highway and Transportation District, the County of Marin, or the Marin County Transit District to the district shall be made subject to any existing easements for freight and passenger excursion service issued to the North Coast Railroad Authority prior to the time of the transfer.

(d) Upon the dissolution of the Sonoma-Marin Area Rail Transit Commission, the district shall assume, without any condition whatsoever, all responsibilities and obligations previously assumed by the commission with respect to its fund transfer agreement with Caltrans for the funding of the Sonoma-Marin Area Rail Transit Project.

(e) On and after the date of dissolution of the Sonoma-Marin Area Rail Transit Commission and the Northwestern Pacific Railroad Authority, any reference in any provision of law or regulation to the commission or the authority shall be deemed to refer to the district.

### CHAPTER 3. GOVERNMENT OF DISTRICT

#### Article 1. Board of Directors

105020. The government of the district shall be vested in a board of directors, which shall consist of 12 members, appointed as follows:

(a) Two members of the Sonoma County Board of Supervisors, each of whom shall also serve on the Board of Directors of the Sonoma County Transportation Authority, appointed by the Sonoma County Board of Supervisors.

(b) Two members of the Marin County Board of Supervisors, appointed by the Marin County Board of Supervisors.

(c) Three members, each of whom shall be a mayor or council member of a city or town within the County of Sonoma, appointed by the Sonoma County Mayors and Council Members Association or its successor, provided the following conditions are met:

(1) At least two members are also city representatives for the Sonoma County Transportation Authority.

(2) All of the members are from cities on the rail line in Sonoma County.

(3) No city has more than one member.

(d) The member of the City Council of the City of Novato who also serves on the Marin County Congestion Management Agency, appointed by the Marin County Congestion Management Agency or its successor.

(e) The member of the City Council of the City of San Rafael who also serves on the Marin County Congestion Management Agency,



appointed by the Marin County Congestion Management Agency or its successor.

(f) One member, who shall be a mayor or council member of a city or town within the County of Marin and a member of the Marin County Congestion Management Agency, appointed by the Marin County Council of Mayors and Council Members or its successor.

(g) Two members of the Golden Gate Bridge, Highway and Transportation District, neither of whom shall be a member of the Marin or Sonoma County Boards of Supervisors, appointed by the Golden Gate Bridge, Highway and Transportation District or its successor.

105021. (a) The 12 members of the board shall serve staggered, four-year terms.

(b) Within 60 days of its occurrence, any vacancy on the board shall be filled by the body that originally made the appointment to the office in which the vacancy exists.

105022. The board may fix the amount of compensation to be paid to each member of the board. The compensation shall not exceed five hundred dollars (\$500) in any one calendar month. Each member shall be allowed necessary traveling and personal expenses incurred in the performance of his or her duties as may be authorized by the board.

105023. In the event that new territory is annexed to the district pursuant to Chapter 7 (commencing with Section 105280), and upon the affirmative vote of a majority of directors, which shall include an affirmative vote of at least three directors from each county within the district appointed pursuant to subdivisions (a) to (f), inclusive, of Section 105020, the board may restructure the membership of the board to provide representation of the new territory on the board.

## Article 2. Powers and Duties of Board of Directors

105030. The board is the legislative body of the district and, consistent with the provisions of this part, shall determine all district policy.

105031. The board shall select one of its members as chairperson, and another of its members as vice chairperson, who shall serve in the absence of the chairperson.

105032. It shall be the duty of the board and it shall have the power to:

(a) Own, operate, manage, and maintain a passenger rail system within the territory of the district.

(b) Determine the rail transit facilities, including ancillary bicycle and pedestrian pathways, to be acquired and constructed by the district, the manner of operation, and the means to finance them.



(c) Adopt an annual budget for the district that provides for the compensation of its officers and employees.

(d) Fix rates, rentals, charges, and classifications of rail transit service operated by the district.

(e) Adopt an administrative code that prescribes the powers and duties of district officers, the method of appointment of district employees, and the methods, procedures, and systems for the operation and management of the district.

(f) Adopt rules and regulations governing the use of rail transit facilities owned or operated by the district.

(g) Cause a postaudit of the financial transactions and records of the district to be made at least annually by a certified public accountant.

(h) Adopt rules and regulations providing for the administration of employer-employee relations.

(i) Do any and all things necessary to carry out the purposes of this part.

### Article 3. Meetings and Legislation

105040. All meetings of the board shall be conducted in the manner prescribed by the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

105041. A majority of the board constitutes a quorum for the transaction of its business.

105042. The affirmative vote of a majority of the members of the board shall be necessary and, except as otherwise provided in this act, shall be sufficient to carry out any order, resolution, or ordinance coming before the board.

105043. The board shall establish rules for its proceedings and determine the place and time for its meetings.

105044. The acts of the board shall be expressed by motion, resolution, or ordinance.

### Article 4. Other Officers

105050. The board shall appoint a general manager for the district. The board may appoint a secretary, a chief engineer, a legal counsel, a controller, an auditor, a treasurer, and other officers, assistants, and deputies, as the board may deem necessary and provide for by ordinance. These officers shall serve at the pleasure of the board. The offices of auditor, controller, and treasurer may be held by separate officers or combined and held by one officer.

105051. The Counties of Marin and Sonoma, the Golden Gate Bridge, Highway and Transportation District, or any other public agency may render assistance to the district as it may require, including the performance by officers of the counties, the Golden Gate Bridge, Highway and Transportation District, or other public agency of the functions of legal counsel, controller, auditor, and treasurer. The district shall reimburse the counties, the Golden Gate Bridge, Highway and Transportation District, or other public agency for the services performed by them for the district.

105052. The powers and duties of the general manager are:

(a) To head the administrative branch of the district and to be responsible to the board for the proper administration of all affairs of the district.

(b) To appoint, supervise, suspend, or remove district officers, other than members of the board and officers appointed by the board.

(c) To supervise and direct the preparation of the annual budget for the board and to be responsible for its administration after its adoption.

(d) To formulate and present to the board plans for rail transit facilities within the district and the means to finance them.

(e) To supervise the planning, acquisition, construction, maintenance, and operation of the rail transit facilities of the district.

(f) To attend meetings of the board.

(g) To prepare and submit to the board, as soon as practicable after the end of each fiscal year, a complete report of the finances and administrative activities of the district for the preceding year.

(h) To perform other and additional duties as the board may require.

#### CHAPTER 4. POWERS AND FUNCTIONS OF THE DISTRICT

##### Article 1. Corporate Powers

105060. The district has perpetual succession and may adopt a seal and alter it at its pleasure.

105061. The district may sue and be sued, except as otherwise provided by law, in all actions and proceedings, in all courts and tribunals of competent jurisdiction.

105062. All claims for money or damages against the district are governed by Division 3.6 (commencing with Section 810) of Title 1 of the Government Code, except as provided herein, or by other statutes or regulations expressly applicable thereto.

## Article 2. Contracts

105070. The district may make contracts and enter into stipulations of any nature whatsoever, employ labor, and do all acts necessary and convenient for the full exercise of the powers granted in this part.

105071. No officer or employee of the district shall in any manner be interested, directly or indirectly, in any contract awarded or to be awarded by the board, or in the profits to be derived therefrom, contrary to the provisions of Article 4 (commencing with Section 1090) of Chapter 1 of Division 4 of Title 1 of the Government Code.

105072. The district may insure against any accident or destruction of the rail transit system or any part thereof. The district may insure against loss of revenues from any cause whatsoever. In proceedings authorizing the issuance of any bonds, the district may provide for the carrying of insurance in an amount and of a character as may be specified, and may provide for the payment of premiums thereon. The district may also provide insurance as provided in Part 6 (commencing with Section 989) of Division 3.6 of Title 1 of the Government Code.

105073. The district may contract for the services of independent contractors.

105074. For purposes of entering into design-build contracts, the district is a "transit operator" within the meaning of Article 6.8 (commencing with Section 20209.5) of Chapter 1 of Part 3 of Division 2 of the Public Contract Code.

105075. The district is a local agency for purposes of the Natural Disaster Assistance Act, Chapter 7.5 (commencing with Section 8680) of Division 1 of Title 2 of the Government Code.

105076. The district shall be considered the succeeding agency to the "Sonoma-Marín Area Rail Transit Authority" for the purpose of receiving funds available under paragraph (30) of subdivision (a) of Section 14556.40 of the Government Code.

## Article 3. Property

105085. The district may take by grant, purchase, devise, or lease, or condemn in proceedings under eminent domain, or otherwise acquire, and hold and enjoy, real property of every kind within or without the district necessary to the full or convenient exercise of its powers. The board may lease, mortgage, sell, or otherwise dispose of any real or personal property when in its judgment it is in the best interests of the district to do so.

105086. The district may exercise the right of eminent domain to take any property necessary or convenient to the exercise of the powers granted in this act. The district, in exercising that right, shall, in addition

to the damage for the taking, injury, or destruction of property, also pay the cost, exclusive of betterment and with credit for salvage value, of removal, reconstruction, or relocation of any substitute facilities, including structures, railways, mains, pipes, conduits, wires, cables or poles of any public utility which is required to be moved to a new location.

105087. (a) The district may take by gift, or take or convey by grant, purchase, devise, or lease, and hold and enjoy, real and personal property of every kind within or without the district necessary for, incidental to, or convenient for, transit-oriented joint development projects that meet the definition and requirement set forth in subdivision (b).

(b) (1) For purposes of this section, a “transit-oriented joint development project” is a commercial, residential, or mixed-use development that is undertaken in connection with existing, planned, or proposed intermodal transit facilities and is located one-fourth mile or less from the external boundaries of that facility.

(2) Any transit-oriented joint development project created under this section shall comply with the land use and zoning regulations of the city, county, or city and county in which the project is located.

(c) The authority granted under this section extends to any joint powers agency of which the district is a member and for which the district serves as the managing agency.

(d) The district may not exercise its power of eminent domain in order to make an acquisition under this section.

#### Article 4. Rail Transit Facilities and Service

105095. The district may provide a rail transit system for the transportation of passengers and their incidental baggage by rail.

105096. (a) The district may acquire, construct, own, operate, control, or use rights-of-way, rail lines, stations, platforms, switches, yards, terminals, parking lots, and any and all other facilities necessary or convenient for rail transit within and without the district, together with all physical structures necessary or convenient for the access of persons and vehicles thereto, including ancillary bicycle and pedestrian pathways, and may acquire or contract for any interest in or rights to the use or joint use of any or all of the foregoing.

(b) The district may contract with any public agency or person for the operation of shuttle services necessary or convenient for rail transit.

(c) The district shall comply with the design review process of the local jurisdiction in which any rail transit facilities are to be constructed. The local jurisdiction’s design review and approval shall be for advisory purposes only.

(d) In Sonoma County, north of Healdsburg, the district shall locate commuter stations only within incorporated areas.

(e) In Marin County north of San Rafael, the district shall locate commuter stations only within areas that are incorporated as of the operative date of this part.

105097. The district may lease or contract for the use of its rail transit facilities, or any portion thereof, to any operator, and may provide for subleases by the operator upon any terms and conditions it deems in the public interest. As used in this section, "operator" means any public agency or any person.

105098. Except as otherwise provided in Section 105143, the board may contract with any public agency or person to provide rail transit facilities and services for the district.

105099. The district may construct and operate or acquire and operate rail transit works and facilities in, under, upon, over, across, or along any state or public highway or any stream, bay or watercourse, or over any of the lands that are the property of the state, to the same extent that these rights and privileges are granted to municipalities within the state.

105100. Except as otherwise provided in Section 105087, the provisions of Article 5 (commencing with Section 53090) of Chapter 1 of Part 1 of Division 2 of Title 5 of the Government Code shall not be applicable to the district.

105101. The district may enter into agreements for the joint use of any property and rights by the district and any city, public agency, or public utility operating transit facilities and may enter into agreements with any city, public agency, or public utility operating any transit facilities, wholly or partially within or without the district, for the joint use of any property of the district or of the city, public agency, or public utility, or for the establishment of through routes, joint fares, transfer of passengers, or pooling agreements.

105102. The district may, without limitation by any other provisions of this part requiring approval of indebtedness, accept contributions of money, grants, loans, rights-of-way, labor, materials, and any other property from the state or the United States, or any department, instrumentality, or agency thereof, or from any public agency for the acquisition, construction, maintenance, and operation of rail transit facilities. The district may, without limitation by any other provisions of this part, enter into any contract and cooperate with and accept cooperation from the state or the United States, or any department, instrumentality, or agency thereof, or any public agency in the acquisition, construction, maintenance, and operation of, and in financing the acquisition, construction, maintenance, and operation of, any rail transit facilities. The district may do any and all things necessary

in order to obtain the aid, assistance, and cooperation under any federal or state legislation now or hereafter enacted. Any evidence of indebtedness issued under this section shall constitute a negotiable instrument.

105103. The rates and charges for rail transit service furnished pursuant to this part shall be fixed by the board and shall be reasonable.

105104. The district shall work with the North Coast Railroad Authority, the Federal Railroad Administration, and any of its successor agencies, to achieve safe, efficient, and compatible operations of both passenger rail and freight service along the rail line in Sonoma and Marin Counties.

105105. The district shall be responsible for any advance payment of any portion of the North Coast Railroad Authority's Q-Fund loan repayment obligation caused by the district's action. Any amount advanced by the district shall be reimbursed by the North Coast Railroad Authority at the time the North Coast Railroad Authority's obligation to repay that portion of the Q-Fund loan would otherwise become due.

#### Article 5. Taxation

105115. Upon the affirmative vote of a majority of the directors, which shall include an affirmative vote of at least three directors from each county within the district appointed pursuant to subdivisions (a), (b), (c), (d), (e), and (f) of Section 105020, the board may by resolution submit to the voters of the district a measure proposing a retail transactions and use tax ordinance in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code.

#### Article 6. Investments and Deposits

105125. The district's investment of any surplus money in its treasury, including money in any sinking fund, shall be in accordance with Article 1 (commencing with Section 53600) of Chapter 4 of Part 1 of Division 2 of the Government Code.

105126. The district's deposit of district money shall be in accordance with Article 2 (commencing with Section 53630) of Chapter 4 of Part 1 of Division 2 of the Government Code.

## CHAPTER 5. PERSONNEL

## Article 1. Employee Relations

105140. Except as otherwise provided in this article and in Article 2 (commencing with Section 105150), the determination of questions concerning employee representation and the conduct of employee-employer relations within the district shall be governed by the Meyers-Milias-Brown Act (Chapter 10 (commencing with Section 3500) of Division 4 of Title 1 of the Government Code).

105141. Except as otherwise provided in Article 2 (commencing with Section 105150), whenever a majority of the employees employed by the district in a unit appropriate for collective bargaining indicate a desire to be represented by a labor organization, and upon determining that the labor organization represents at least a majority of the employees in the appropriate unit, the board and the accredited representative of employees shall bargain in good faith and make all reasonable efforts to reach agreement on the terms of a written contract governing wages, hours, and other terms and conditions of employment within the scope of representation set forth in Section 3504 of the Government Code.

105142. (a) If, after a reasonable period of time, representatives of the district and the accredited representatives of the employees fail to reach agreement either on the terms of a written contract governing wages, hours, and other terms and conditions of employment or the interpretation or application of the terms of an existing contract, upon the agreement of both the district and the representatives of the employees, the dispute may be submitted to an arbitration board.

(b) The arbitration board shall be composed of two representatives of the district and two representatives of the labor organization, and they shall endeavor to agree upon the selection of a fifth member. If they are unable to agree, the names of five persons experienced in labor arbitration shall be obtained from the State Conciliation Service. The labor organization and the district shall, alternately, strike a name from this list, and the name remaining after the labor organization and the district have stricken four names shall be designated as the fifth arbitrator and chairperson of the board of arbitration. The labor organization and the district shall determine by lot who shall first strike a name from the list. The decision of a majority of the arbitration board shall be final and binding upon the parties thereto.

(c) Each party shall be responsible for the expense of the presentation of its case. All other expenses of arbitration shall be borne equally by the parties and the expenses may include the making of a verbatim record of the proceedings and transcript of that record.



105143. The district may contract for management services with any public agency or person and may contract for operations and maintenance services with the district organized pursuant to Part 3 (commencing with Section 27000) of Division 16 of the Streets and Highways Code. However, the district may not contract out the performance of services performed by or fairly claimable by employees of a bargaining unit without the agreement of the accredited representative of that bargaining unit's employees.

## Article 2. Transfer of Collective Bargaining Rights

105150. The Legislature hereby finds and declares that the creation of the district may adversely affect the collective bargaining rights, wages, benefits, and employment opportunities of employees of the district organized pursuant to Part 3 (commencing with Section 27000) of Division 16 of the Streets and Highways Code.

105151. Notwithstanding the provisions of Article 1 (commencing with Section 105140), in order to protect and preserve the collective bargaining rights of employees of the district organized pursuant to Part 3 (commencing with Section 27000) of Division 16 of the Streets and Highways Code, whose employment opportunities may be adversely affected by the adoption and implementation of this division, upon the district's decision to commence rail service, the district shall establish at least three collective bargaining units comprised of the following:

- (a) A transportation operators collective bargaining unit.
- (b) A transportation maintenance collective bargaining unit.
- (c) A transportation dispatch and equipment servicing collective bargaining unit.

For purposes of this section, the district's decision to commence rail service shall be effected by the district's adoption of a resolution that confirms that sufficient financing exists to undertake rail service and declares the intention of the district to take all reasonable and necessary steps to commence rail service.

105152. For a period of four years, commencing with the district's decision to commence rail service as provided in Section 105151, or until the expiration of the current collective bargaining agreement, whichever is later, employees of the district organized pursuant to Part 3 (commencing with Section 27000) of Division 16 of the Streets and Highways Code, who are employed by that district in classifications assigned to the same or similar collective bargaining units as those set out in Section 105151, shall be given priority of employment within the collective bargaining units set forth in Section 105151. Any dispute arising over the appropriate placement within a collective bargaining unit or over any assignment of classifications made by the district to a



bargaining unit set forth in Section 105151 shall be resolved by the Public Employee Relations Board. Any determination of the Public Employee Relations Board shall be consistent with the intent of this section.

105153. The district shall recognize and bargain with, as the accredited representative of the employees within the collective bargaining units set forth in Section 105151, the accredited collective bargaining representatives that represent the same or similar bargaining units within the district organized pursuant to Part 3 (commencing with Section 27000) of Division 16 of the Streets and Highways Code. This recognition shall be maintained unless changed by mutual agreement of the district and the affected collective bargaining representative or the representative is decertified in accordance with the rules and procedures of the Public Employee Relations Board for the certification and decertification of employee representatives.

105154. Employees of the district organized pursuant to Part 3 (commencing with Section 27000) of Division 16 of the Streets and Highways Code who transfer to the district and into a collective bargaining unit set forth in Section 105151, shall be credited with any accrued seniority earned at the district from which they have transferred, and shall not suffer a loss in their rate of wages, pension benefits, pension accrual rights, health benefits, retiree health benefits, vacation accrual, or other seniority-based benefits, such as job bidding and transfer rights, as a result of their transfer to the district.

105155. To facilitate implementation of the employee rights enumerated in this section, the district and the district organized pursuant to Part 3 (commencing with Section 27000) of Division 16 of the Streets and Highways Code may engage in joint collective bargaining with the accredited representatives of the collective bargaining units set forth in Section 105151 and the same or similar collective bargaining units within the district organized pursuant to Part 3 (commencing with Section 27000) of Division 16 of the Streets and Highways Code to establish uniform wages, health benefits, pension benefits, and other uniform terms and conditions of employment. To maintain continuity of pension benefits, the district shall have the right to appoint at least one representative to any joint labor-management retirement board that administers a retirement plan in which employees of the district and employees of the district organized pursuant to Part 3 (commencing with Section 27000) of Division 16 of the Streets and Highways Code are participants, provided that an equal number of employer and employee representatives on the retirement board is maintained. In addition, the district shall enter into a reciprocity agreement through the Public Employees' Retirement System (PERS) which recognizes PERS service with the district organized pursuant to

Part 3 (commencing with Section 27000) of Division 16 of the Streets and Highways Code of any district employee employed in a collective bargaining unit set forth in Section 105151 whose members' pensions are provided through PERS.

### Article 3. Rights of Employees of Existing Facilities

105160. (a) Whenever the district acquires existing facilities from a publicly or privately owned utility, either in proceedings by eminent domain or otherwise, to the extent necessary for operation of facilities, all of the employees of the utility whose duties pertain to the facilities acquired who have been employed by the utility for at least 75 days shall be appointed to comparable positions in the district without examination. These employees shall be given sick leave, seniority, and vacation credits in accordance with the records of the acquired public utility. No employee of any acquired public utility shall suffer any worsening of wages, seniority, pension, vacation, or other benefits by reason of the acquisition.

(b) The provisions of this section shall not apply to officers or managerial employees of the acquired utility except as designated by the board.

105161. Whenever the district acquires existing facilities from a publicly or privately owned utility, either in proceedings in eminent domain or otherwise, that has a pension plan in operation, members and beneficiaries of the pension plan shall continue to have the rights, privileges, benefits, obligations, and status with respect to the established system. The outstanding obligations and liabilities of the public utility by reason of that pension plan shall be considered and taken into account and allowance made therefor in the purchase price of the public utility. The persons entitled to pension benefits as provided in this section and the benefits that are provided shall be specified in the agreement or order by which any public utility is acquired by the district.

### Article 4. Retirement System

105170. The adoption, terms, and conditions of any retirement system covering employees of the district in a bargaining unit represented by a labor organization shall be pursuant to a collective bargaining agreement between the labor organization and the district. For purposes of this section, "officers" does not include members of the board.

105171. The board may contract with the Board of Administration of the Public Employees' Retirement System or with a retirement system maintained pursuant to the County Employees Retirement Law of 1937

and enter all, or any portion, of its employees under either of those systems. Employees of the district in a bargaining unit that is represented by a labor organization shall not be included in the contract except as authorized by a collective bargaining agreement.

105172. All persons receiving pension benefits from an acquired public utility, and all persons entitled to pension benefits under any pension plan of the acquired public utility, may become members or receive pensions under a pension plan established by the district by mutual agreement of those persons and the district. The agreement may provide for the waiver of all rights, privileges, benefits, and status with respect to the pension plan of the acquired public utility.

#### Article 5. Other Benefits

105180. The district shall obtain coverage for the district and its employees under Title II of the federal Social Security Act, as amended, (42 U.S.C. Sec. 401 et seq.) and the related provisions of the Federal Contributions Act, as amended (26 U.S.C. Sec. 3101 et seq.).

105181. The district shall obtain coverage for the district and its employees under the workers' compensation, unemployment compensation, and disability and unemployment insurance laws of this state.

### CHAPTER 6. BONDS AND OTHER EVIDENCE OF INDEBTEDNESS

#### Article 1. Authorization and Issuance of General Obligation Bonds

105200. Whenever the board deems it necessary for the district to incur a bonded indebtedness for the acquisition or improvement of real property authorized by this part or necessary or convenient for the carrying out of the powers of the district, the board shall, by ordinance, adopted by a vote of two-thirds of all members of the board, so declare and call an election to be held in the district for the purpose of submitting to the qualified voters thereof the proposition of incurring indebtedness by the issuance of bonds of the district, provided the total amount of bonds issued and outstanding pursuant to this article shall not exceed 15 percent of the assessed value of the taxable property of the district as shown by the last equalized assessment roll of the counties within the district. The ordinance shall state:

(a) The purposes for which the proposed debt is to be incurred, which may include all costs and estimated costs incidental to or connected with the accomplishment of those purposes, including, without limitation, engineering, inspection, legal, fiscal agents, financial consultant, and other fees; bond and other reserve funds; working capital; bond interest

estimated to accrue during the construction period and for a period not to exceed three years thereafter; and expenses of all proceedings for the authorization, issuance, and sale of the bonds.

(b) The estimated cost of accomplishing those purposes.

(c) The amount of the principal of the indebtedness.

(d) The maximum term the bonds proposed to be issued shall run before maturity, which shall not exceed 50 years from the date thereof or the date of each series thereof.

(e) The maximum rate of interest to be paid, which shall not exceed 7 percent per annum.

(f) The proposition to be submitted to the voters, which may include one or more purposes.

(g) The date of the election.

(h) The manner of holding the election and the procedure for voting for or against the measure.

(i) The ordinance may also contain any other matters authorized by this part or any other law.

105201. Notice of holding of the election shall be given by publishing, pursuant to Section 6066 of the Government Code, the ordinance calling the election in at least one newspaper published in the district. No other notice of the election need be given. Except as otherwise provided in the ordinance, the election shall be conducted as other district elections.

105202. If any proposition is defeated by the electors, the board shall not call another election on a substantially similar proposition to be held within six months after the prior election. If a petition requesting submission of this type of a proposition, signed by 15 percent of the district electors, as shown by the votes cast for all candidates for governor within the district at the last gubernatorial election, is filed with the board, the board may call an election before the expiration of six months.

105203. If two-thirds of the electors voting on the proposition vote for it, then the board may, by resolution, at the time or times it deems proper, issue bonds of the district for the whole or any part of the amount of the indebtedness so authorized and may from time to time, by resolution, provide for the issuance of any necessary amounts, until the full amount of the bonds authorized shall have been issued. The full amount of bonds may be divided into two or more series and different dates and different dates of payment fixed for the bonds of each series. A bond need not mature on an anniversary of its date. The maximum term the bonds of any series shall run before maturity shall not exceed 50 years from the date of each series respectively. In the resolution or resolutions, the board shall prescribe the form of the bonds (including, without limitation, registered bonds and coupon bonds) and the form of

any coupons to be attached thereto, the registration, conversion, and exchange privileges, if any, pertaining thereto, and fix the time when the whole or any part of the principal shall become due and payable.

105204. The bonds shall bear interest at a rate or rates not exceeding 7 percent per annum, payable semiannually, except that the first interest payable on the bonds or any series thereof may be for any period not exceeding one year as determined by the board. In the resolution or resolutions providing for the issuance of the bonds, the board may also provide for call and redemption of the bonds prior to maturity at the times and prices and upon any other terms it may specify, but no bond shall be subject to call or redemption prior to maturity unless it contains a recital to that effect or unless a statement to that effect is printed thereon. The denomination or denominations of the bonds shall be stated in the resolution providing for their issuance, but shall not be less than one thousand dollars (\$1,000). The principal of and interest on the bonds shall be payable in lawful money of the United States at the office of the treasurer of the district or at any other place or places that may be designated, or at either place or places at the option of the holders of the bonds. The bonds, or series thereof, shall be dated and numbered consecutively and shall be signed by the chairperson of the board and the treasurer, countersigned by the secretary and the official seal of the district attached. The interest coupons of the bonds shall be signed by the treasurer. All signatures, countersignatures, and seal may be printed, lithographed, or mechanically reproduced, except that one of the signatures or countersignatures on the bonds shall be manually affixed. If any officer whose signature or countersignature appears on bonds or coupons ceases to be an officer before the delivery of the bonds, his or her signature is as effective as if he or she had remained in office.

105205. The bonds may be sold as the board determines by resolution but for not less than par. Before selling the bonds or any part thereof, the board shall give notice inviting sealed bids in a manner as it may prescribe. If satisfactory bids are received, the bonds offered for sale shall be awarded to the highest responsible bidder. If no bids are received or if the board determines that the bids received are not satisfactory as to price or responsibility of the bidders, the board may reject all bids received, if any, and either readvertise or sell the bonds at private sale.

105206. Delivery of any bonds may be made at any place either inside or outside the state, and the purchase price may be received in cash or bank credits.

105207. All accrued interest and premiums received on the sale of bonds shall be placed in the fund to be used for the payment of principal of and interest on the bonds and the remainder of the proceeds of the bonds shall be placed in the treasury to the credit of the proper

improvement fund and applied exclusively to the purposes for which the debt was incurred; provided, however, that when those purposes have been accomplished any moneys remaining in the improvement fund (a) shall be transferred to the fund to be used for the payment of principal of and interest on the bonds, or (b) shall be placed in a fund to be used for the purchase of outstanding bonds of the district from time to time in the open market at the prices and in the manner, either at public or private sale or otherwise, as the board may determine. Bonds so purchased shall be canceled immediately.

105208. After the expiration of three years after a bond election the board may determine, by ordinance adopted by a vote of two-thirds of all the members of the board, that any or all of the bonds authorized at the election remaining unsold shall not be issued or sold. When the ordinance takes effect, the authorization to issue these bonds shall become void.

105209. Whenever the board deems that the expenditure of money for the purposes for which the bonds were authorized by the voters is impractical or unwise, it may, by ordinance adopted by a vote of two-thirds of all members of the board, so declare and call an election to be held in the district for the purpose of submitting to the qualified voters thereof the proposition of incurring indebtedness by the issuance of these bonds for some other purposes or, in the case where bonds have been sold, the proposition to use the proceeds for some other purposes. The procedure, so far as applicable, shall be the same as when a bond proposition is originally submitted.

105210. The board may provide for the issuance, sale, or exchange of refunding bonds to redeem or retire any bonds issued by the district upon the terms, at the times, and in the manner which it determines. Refunding bonds may be issued in a principal amount sufficient to pay all or any part of the principal of the outstanding bonds, the interest thereon, and the premiums, if any, due upon call and redemption thereof prior to maturity and all expenses of the refunding. The provisions of this article for issuance and sale of bonds apply to the issuance and sale of the refunding bonds, except that (a) no election need be called or held for the purpose of authorizing the issuance of refunding bonds, and (b) when refunding bonds are to be exchanged for outstanding bonds, the method of exchange shall be determined by the board.

105211. The provisions of Article 4 (commencing with Section 53500) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code are applicable to the district.

105212. Any bonds that are issued under the provisions of this article shall be legal investment for all trust funds; for the funds of insurance companies, banks, both commercial and savings, and trust companies; and for state school funds. Whenever any money or funds

may, by any law now or hereafter enacted, be invested in bonds of cities, cities and counties, counties, school districts, or other districts within the state, the money or funds may be invested in the bonds issued under this part. Whenever bonds of cities, cities and counties, counties, school districts, or other districts within this state may, by any law now or hereafter enacted, be used as security for the performance of any act or the deposit of any public moneys, the bonds issued under this part may be so used. The provisions of this article shall be in addition to all other laws relating to legal investments and shall be controlling as the latest expression of the Legislature with respect thereto.

105213. The board may enter into any covenants deemed proper to provide for issuance of additional parity bonds and the priority and pledge of special taxes; and any other covenants that are customary or desirable in the issuance of any bonds payable out of special funds or that are necessary, convenient, or desirable to secure the bonds or tending to make them more marketable, subject to the provisions of the ordinance calling the bond election.

## Article 2. Revenue Bonds

105220. The district may issue bonds, payable from revenue of any facility or enterprise to be acquired or constructed by the district, in the manner provided by the Revenue Bond Law of 1941 (Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5 of the Government Code), all of the provisions of which are applicable to the district, except that Article 3 (commencing with Section 54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the Government Code and the limitations set forth in subdivision (b) of Section 54402 and in Sections 54403 and 54418 of the Government Code do not apply to the issuance and sale of bonds pursuant to this article. As used in Section 54315 of the Government Code, "revenues" shall include, but not be limited to, the proceeds of, or any portion of the proceeds of, a sales and use tax imposed under Article 5 (commencing with Section 105115) of Chapter 4 or under any other provisions of law, so long as the resolution authorizing the bonds contains no restriction that would provide that this tax shall not continue to be imposed until the bonds are fully paid or a provision has been made for their payment in full.

105221. The district is a local agency within the meaning of the Revenue Bond Law of 1941, Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5 of the Government Code. The term "enterprise" as used in the Revenue Bond Law of 1941 shall, for all purposes of this part, include the system or any or all rail transit facilities and all additions, extensions, and improvements thereto authorized to be acquired, constructed, or completed by the district. The



district may issue revenue bonds under the Revenue Bond Law of 1941, for any one or more rail transit facilities authorized to be acquired, constructed, or completed by the district or, in the alternative, may issue revenue bonds under the Revenue Bond Law of 1941, for the acquisition, construction, and completion of any rail transit facilities. Nothing in this article shall prevent the district from availing itself of, or making use of, any procedure provided in this part for the issuance of bonds of any type or character for any of the rail transit facilities authorized hereunder, and all proceedings may be carried on simultaneously or, in the alternative, as the board may determine.

### Article 3. Equipment Trust Certificates

105230. The district shall have power to purchase rail transit equipment such as cars or rolling equipment; and may execute agreements, leases, and equipment trust certificates in the forms customarily used by private corporations engaged in the rail transit business appropriate to effect purchase and leasing of rail transit equipment and may dispose of the equipment trust certificates upon the terms and conditions the board deems appropriate. Payment for the equipment, or rentals therefor, may be made in installments, and the deferred installments may be evidenced by equipment trust certificates payable from any source or sources of funds specified in the certificates that are or will be legally available to the district. Title to the equipment shall not rest in the district until the equipment trust certificates are paid.

105231. The agreement to purchase or lease may direct the vendor or lessor to sell and assign or lease the rolling equipment to a bank or trust company duly authorized to transact business in the state as trustee, for the benefit and security of the equipment trust certificates and may direct the trustee to deliver the rolling equipment to one or more designated officers of the district and may authorize the district to execute and deliver simultaneously therewith an installment purchase agreement or a lease of the equipment to the district.

105232. The agreements and leases shall be duly acknowledged before a person authorized by law to take acknowledgments of deeds and in the form required for acknowledgment of deeds. The agreements, leases, and equipment trust certificates shall be authorized by resolution of the district and shall contain the covenants, conditions, and provisions deemed necessary or appropriate to insure the payment of the equipment trust certificates from legally available sources of funds specified in the certificates.

105233. The covenants, conditions, and provisions of the agreements, leases, and equipment trust certificates shall not conflict



with any of the provisions of any trust agreement securing the payment of bonds, notes, or certificates of the district.

#### Article 4. Improvement Acts and Special Benefit Districts

105240. The Improvement Act of 1911 (Part 1 (commencing with Section 5000) of Division 7 of the Streets and Highways Code), the Municipal Improvement Act of 1913 (Chapter 1 (commencing with Section 10000) of Division 12 of the Streets and Highways Code), and the Improvement Bond Act of 1915 (Part 1 (commencing with Section 8500) of Division 10 of the Streets and Highways Code) are applicable to the district.

105241. The provisions of Chapter 1 (commencing with Section 99000) of Part 11 of Division 10 of the Public Utilities Code are applicable to the district.

#### Article 5. Temporary Borrowing

105250. The district may borrow money in accordance with the provisions of Article 7 (commencing with Section 53820), or of Article 7.6 (commencing with Section 53850) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code.

105251. The district may borrow money in anticipation of the sale of bonds that have been authorized to be issued, but have not been sold and delivered, and may issue negotiable bond anticipation notes therefor and may renew the same from time to time. The maximum maturity of those notes, including the renewals thereof, shall not exceed five years from the date of delivery of the original notes. The notes may be paid from any moneys of the district available therefor and not otherwise pledged. If not previously otherwise paid, the notes shall be paid from the proceeds of the next sale of the bonds of the district in anticipation of which they were issued. The notes shall not be issued in any amount in excess of the aggregate amount of bonds which the district has been authorized to issue, less the amount of any bonds of that authorized issue previously sold, and also less the amount of other bond anticipation notes therefor issued and then outstanding. The notes shall be issued and sold in the same manner as the bonds. The notes and the resolution or resolutions authorizing them may contain any provisions, conditions, or limitations that a resolution of the district authorizing the issuance of bonds may contain.

## Article 6. Miscellaneous

105260. The district may bring an action to determine the validity of any of its bonds, equipment trust certificates, warrants, notes, or other evidences of indebtedness pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

105261. All bonds and other evidences of indebtedness issued by the district under the provisions of this part, and the interest thereon, are free and exempt from all taxation within the state, except for transfer, franchise, inheritance, and estate taxes.

105262. Notwithstanding any other provisions of this part or any other law, the provisions of all ordinances, resolutions, and other proceedings in the issuance by the district of any bonds, bonds with a pledge of revenues, bonds for improvement districts, revenue bonds, equipment trust certificates, notes, or any and all evidences of indebtedness or liability shall constitute a contract between the district and the holders of the bonds, equipment trust certificates, notes, or evidences of indebtedness or liability and the provisions thereof shall be enforceable against the district, or any or all of its successors or assigns, by mandamus or any other appropriate suit, action, or proceeding in law or in equity in any court of competent jurisdiction. Nothing contained in this part or in any other law shall be held to relieve the district or the territory included within it from any bonded or other debt or liability contracted by the district. Upon dissolution of the district or upon withdrawal of territory therefrom, the property formerly included within the district or withdrawn therefrom shall continue to be liable for the payment of all bonded and other indebtedness or liabilities outstanding at the time of the dissolution or withdrawal the same as if the district had not been so dissolved or the territory withdrawn therefrom, and it shall be the duty of the successors or assigns to provide for the payment of the bonded and other indebtedness and liabilities. Except as may be otherwise provided in the proceedings for the authorization, issuance, and sale of any revenue bonds, bonds secured by a pledge of revenues or bonds for improvement districts secured by a pledge of revenues, revenues of any kind or nature derived from any revenue-producing improvements, works, facilities, or property owned, operated or controlled by the district shall be pledged, charged, assigned, and have a lien thereon for the payment of the bonds as long as they are outstanding, regardless of any change in ownership, operation, or control of those revenue-producing improvements, works, facilities, or property and it shall, in such later event or events, be the duty of the successors or assigns to continue to maintain and operate the revenue-producing improvements, works, facilities, or property as long as bonds are outstanding.

## CHAPTER 7. ANNEXATION

105280. Territory may be annexed to the district in the manner provided in this chapter.

105281. A county contiguous to the district may, by majority vote of the board of supervisors of that county, petition the district to annex all or part of the territory within the county. Alternatively, the board of the district may propose annexation of any territory contiguous to the district.

105282. If annexation is proposed pursuant to Section 105281, the board shall determine whether the additional territory proposed to be annexed will be benefited by annexation to the district, and shall pass a resolution to that effect. The resolution shall be passed by a vote of two-thirds of the members of the board and be approved by the board of supervisors of the county in which the territory is situated.

105283. The board of supervisors of the county in which the territory to be annexed is situated shall agree in writing with the board of directors of the district upon the terms and conditions of annexation. The agreement may provide for the levy and collection of special taxes within the county in addition to the taxes elsewhere provided for in this part, the fixing of rates, rentals, and charges differing from those fixed or existing elsewhere within the district, the incurring or assumption of indebtedness, the making of a payment or payments, or the transfer of property, real and personal, and other assets to the district by the county.

105284. The resolution shall:

- (a) Describe the boundaries of the territory proposed to be annexed.
- (b) Designate the proposed annexation by an appropriate name.
- (c) Declare that the area to be annexed to the district will be benefited by annexation.
- (d) Name the time and place for the hearing of objections by any person interested in the proposed annexation.
- (e) Describe any terms and conditions of annexation agreed to between the district and the county pursuant to Section 105283.

105285. The resolution, together with the names of the members of the board voting for and against it, shall be published pursuant to Section 6066 of the Government Code in a newspaper published in the territory proposed to be annexed, or if there is no paper, then in some newspaper of general circulation, circulated in the territory.

105286. On the day fixed for hearing or on any day to which the hearing is adjourned, the board shall hear and consider any objections presented to the annexation of the territory. After the hearing of objections, if it is determined by a vote of two-thirds of all the members of the board that the territory proposed to be annexed will be benefited

by annexation, the board shall proceed to fix and determine the boundaries of the territory to be annexed to the district.

105287. After making all necessary and proper changes in the boundaries, by a resolution passed by a vote of two-thirds of the members, the board shall order the annexation of the territory so described. The resolution, together with the names of the members of the board voting for and against the same shall be set forth in the minutes of the board.

105288. Whenever any territory is annexed to the district it shall thereupon become a part of the district subject to all the liabilities and entitled to all the benefits of the district.

#### CHAPTER 8. SERVICE ZONES

105300. One or more service zones to provide different levels of service, to provide different facilities or other improvements, or to raise additional revenues within specific areas of the district, may be created within the boundaries of the district. A service zone may consist of one or more cities, with or without unincorporated territory, or unincorporated territory alone.

105301. (a) Proceedings for the creation of a service zone may be initiated by resolution of the legislative body or bodies of the city or cities proposed to be included in the service zone, and if unincorporated territory is proposed to be included in the service zone, by resolution of the board or boards of supervisors of the county or counties in which the unincorporated territory is situated.

(b) The resolution or resolutions shall declare that the public interest or necessity demands the creation of a service zone, shall describe its boundaries, and shall request the formation of the service zone.

(c) When the entire area of a public agency is to be included in the service zone, it may be described by name.

(d) Certified copies of the resolution or resolutions shall be filed with the secretary of the district.

105302. (a) As an alternative to the initiation of proceedings for the formation of a service zone by resolution or resolutions, a petition may be filed with the secretary of the district signed by voters equal in number to at least 25 percent of the registered voters registered within the proposed service zone as determined from the affidavits of registration. The boundaries of the proposed service zone shall be described in the petition. When the entire area of a public agency is to be included in the service zone, it may be described by name.

(b) The petition shall declare that the public interest or necessity demands the creation of a service zone within the area of the district described in the petition. The petition may include one or more separate

documents, but each document shall contain the affidavit of the party who circulated it, certifying that each name signed thereto is the true signature of the person whose name it purports to be.

105303. The secretary of the district shall compare the signatures in the petition with the affidavits of registration on file with the county clerk, and he or she shall certify to the board as to the sufficiency or insufficiency of the petition.

105304. (a) Within 30 days after receipt of the resolution or resolutions of the legislative body or bodies or receipt of the certification of the sufficiency of a petition by the secretary of the district, the board shall initiate proceedings for the formation of a new service zone by adopting a resolution that does all of the following:

(1) States that formation of a service zone has been initiated pursuant to either Section 105301 or 105302.

(2) Sets forth a description of the boundaries of the territory to be included in the service zone.

(3) States the different services, different levels of service, or additional revenues that the service zone will provide.

(4) Sets forth the methods by which those services or levels of service will be financed.

(5) States the reasons for forming the service zone.

(6) Proposes a name or number for the service zone.

(7) Fixes the date, time, and place for the public hearing regarding the formation of the service zone.

(b) The district shall publish notice of the hearing, including the information required by subdivision (a), pursuant to Section 6061 of the Government Code, in one or more newspapers of general circulation in the district. The district shall mail the notice to all owners of property within the proposed service zone. The district shall post the notice in at least three public places within the territory of the proposed service zone.

(c) At the hearing, the board shall hear and consider any protests to the formation of the service zone. At the conclusion of the hearing, the board may adopt a resolution ordering the formation of the service zone.

105305. The board may change the boundaries of a service zone or dissolve a zone by following the procedures in Section 105301.

105306. A local agency formation commission shall have no power or duty to review and approve or disapprove a proposal to create a service zone, a proposal to change the boundaries of a zone, or a proposal to dissolve a zone.

105307. As determined by the board, a service zone may provide any service at any level within its boundaries that the district may provide.

105308. As determined by the board and pursuant to the requirements of this part, a service zone may exercise any fiscal powers within its boundaries that the district may exercise.

105309. Any taxes, special taxes, assessments, or fees which are intended solely for the support of services within a zone shall be levied, assessed, and collected only within the boundaries of the zone.

105310. To assist in the operation of a service zone, the board may appoint one or more advisory groups composed of persons who reside in or own property in the zone.

#### CHAPTER 9. DISSOLUTION

105330. If the district operates no rail transit facilities, the board may call an election at any time for the purpose of submitting to the voters of the district the question of whether the district shall be dissolved. Upon the filing with the secretary of the district of a petition signed by voters within the district equal in number to at least 25 percent of the total vote cast at the last general statewide election, asking that the question of dissolution of the district be submitted to the voters of the district, the board shall call the election.

105331. The election for the purpose of submitting to the voters of the district the question of whether or not the district shall be dissolved shall be held within 60 days following the date on which the petition is filed.

105332. Notice of any election for dissolution, whether called because of the filing of a petition or ordered by the board without petition, shall be published. The date fixed for the election shall not be less than 30 days from the date of the first publication of the notice.

105333. The ballots for the election shall contain substantially the instructions required to be printed on ballots for use at general state and county elections and, in addition, the following:

Shall the Sonoma-Marín Area Rail Transit District be dissolved?	YES	
	NO	

105334. The board shall canvass the vote. If a majority of the votes favor dissolution, the board shall by resolution dissolve the district.

105335. The board shall file a certified copy of the resolution with the Secretary of State and for record in the office of the county recorder of the Counties of Marin and Sonoma and any other county in which territory of the district is situated.

105336. Upon dissolution, the right, title, and interest to any property owned or controlled by the district which was acquired by the district from the Golden Gate Bridge, Highway and Transportation District shall be returned to the Golden Gate Bridge, Highway and Transportation District or disposed of as designated by the Golden Gate Bridge, Highway and Transportation District. It is the intent of the Legislature that any remaining property continue to be held in public ownership. A joint powers agency, members of which may include the Counties of Marin and Sonoma, the North Coast Railroad Authority, and the Golden Gate Bridge, Highway, and Transportation District, may be formed to hold title to the remaining district property. If a joint powers agency cannot be formed, the district, in consultation with the Counties of Marin, Sonoma, Humboldt, and Mendocino, and the Golden Gate Bridge, Highway, and Transportation District, shall make a recommendation to the Legislature regarding an appropriate disposition of the property.

105337. The board shall wind up the affairs of the district.

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## CHAPTER 342

An act to add Chapter 3.5 (commencing with Section 120260) to Part 1 of, and to repeal Chapter 10.5 (commencing with Section 121130) of Part 4 of, Division 105 of, the Health and Safety Code, relating to health.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Chapter 3.5 (commencing with Section 120260) is added to Part 1 of Division 105 of the Health and Safety Code, to read:

### CHAPTER 3.5. COMMUNICABLE DISEASES EXPOSURE NOTIFICATION ACT

120260. (a) The Legislature finds and declares all of the following:  
(1) Early knowledge of infection with communicable disease is important in order to permit exposed persons to make informed health care decisions as well as to take measures to reduce the likelihood of transmitting the infection to others.

(2) Individual health care providers, agents and employees of health care facilities and individual health care providers, and first responders, including police, firefighters, rescue personnel, and other persons who



provide the first response to emergencies, frequently come into contact with the blood and other potentially infectious materials of individuals whose communicable disease infection status is not known.

(3) Even if these exposed individuals use universal infection control precautions to prevent transmission of communicable diseases, there will be occasions when they experience significant exposure to the blood or other potentially infectious materials of patients.

(b) Therefore, it is the intent of the Legislature to provide a narrow exposure notification and information mechanism to permit individual health care providers, the employees or contracted agents of health care facilities and individual health care providers, and first responders, who have experienced a significant exposure to the blood or other potentially infectious materials of a patient, to learn of the communicable disease infection status of the patient.

120261. For the purposes of this chapter, the following definitions apply:

(a) "Attending physician of the source patient" means any physician and surgeon licensed pursuant to Chapter 5 (commencing with Section 2000) of Division 2 of the Business and Professions Code and any person licensed pursuant to the Osteopathic Initiative Act, who provides health care services to the source patient. Notwithstanding any other provision of this subdivision to the contrary, the attending physician of the source patient shall include any of the following persons:

(1) The private physician of the source patient.

(2) The physician primarily responsible for the patient who is undergoing inpatient treatment in a hospital.

(3) A registered nurse or licensed nurse practitioner who has been designated by the attending physician of the source patient.

(b) "Available blood or patient sample" means blood or other tissue or material that was legally obtained in the course of providing health care services, and is in the possession of the physician or other health care provider of the source patient prior to the release of the source patient from the physician's or health care provider's facility.

(c) "Certifying physician" means any physician consulted by the exposed individual for the exposure incident. A certifying physician shall have demonstrated competency and understanding of the then applicable guidelines or standards of the Division of Occupational Safety and Health.

(d) "Communicable disease" means any disease that was transferable through the exposure incident, as determined by the certifying physician.

(e) "Exposed individual" means any individual health care provider, first responder, or any other person, including, but not limited to, any employee, volunteer, or contracted agent of any health care provider,



who is exposed, within the scope of his or her employment, to the blood or other potentially infectious materials of a source patient.

(f) "Health care provider" means any person licensed or certified pursuant to Division 2 (commencing with Section 500) of the Business and Professions Code, any person licensed pursuant to the Osteopathic Initiative Act or the Chiropractic Initiative Act, any person certified pursuant to Division 2.5 (commencing with Section 1797), any clinic, health dispensary, or health facility licensed or exempt from licensure pursuant to Division 2 (commencing with Section 1200), any employee, volunteer, or contracted agent of any group practice prepayment health care service plan regulated pursuant to the Knox-Keene Health Care Service Plan Act of 1975 (Chapter 2.2 (commencing with Section 1340) of Division 2), and any professional student of one of the clinics, health dispensaries, or health care facilities or health care providers described in this subdivision.

(g) "First responder" means a police officer, firefighter, rescue worker, or any other person who provides emergency response, first aid care, or other medically related assistance either in the course of the person's occupational duties or as a volunteer.

(h) "Other potentially infectious materials" means those body fluids identified by the Division of Occupational Safety and Health as potentially capable of transmitting a communicable disease.

(i) "Significant exposure" means direct contact with blood or other potentially infectious materials of a patient in a manner that, according to the then applicable guidelines of the Division of Occupational Safety and Health, is capable of transmitting a communicable disease.

(j) "Source patient" means any person receiving health care services whose blood or other potentially infectious material has been the source of a significant exposure to an exposed individual.

120262. Notwithstanding Chapter 7 (commencing with Section 120975) or any other provision of law, the blood or other tissue or material of a source patient may be tested, and an exposed individual may be informed whether the patient has tested positive or negative for a communicable disease if the exposed individual and the health care facility, if any, have substantially complied with the then applicable guidelines of the Division of Occupational Safety and Health and the State Department of Health Services and if the following procedure is followed:

(a) (1) Whenever a person becomes an exposed individual by experiencing an exposure to the blood or other potentially infectious material of a patient during the course of rendering health care-related services or occupational services, the exposed individual may request an evaluation of the exposure by a physician to determine if it is a significant exposure, as defined in subdivision (h) of Section 120261.

No physician or other exposed individual shall certify his or her own significant exposure. However, an employing physician may certify the exposure of one of his or her employees. Requests for certification shall be made in writing within 72 hours of the exposure.

(2) A written certification by a physician of the significance of the exposure shall be obtained within 72 hours of the request. The certification shall include the nature and extent of the exposure.

(b) (1) The exposed individual shall be counseled regarding the likelihood of transmission, the limitations of the testing performed, the need for followup testing, and the procedures that the exposed individual must follow regardless of whether the source patient has tested positive or negative for a communicable disease. The exposed individual may be tested in accordance with the then applicable guidelines or standards of the Division of Occupational Safety and Health. The result of this test shall be confirmed as negative before available blood or other patient samples of the source patient may be tested for evidence of infection to a communicable disease, without the consent of the source patient pursuant to subdivision (d).

(2) Within 72 hours of certifying the exposure as significant, the certifying physician shall provide written certification to an attending physician of the source patient that a significant exposure to an exposed individual has occurred, and shall request information on whether the source patient has tested positive or negative for a communicable disease, and the availability of blood or other patient samples. An attending physician shall respond to the request for information within three working days.

(c) If test results of the source patient are already known to be positive for a communicable disease then, except as provided in subdivisions (b) and (c) of Section 121010, when the exposed individual is a health care provider or an employee or agent of the health care provider of the source patient, an attending physician and surgeon of the source patient shall attempt to obtain the consent of the source patient to disclose to the exposed the testing results of the source patient regarding communicable diseases. If the source patient cannot be contacted or refuses to consent to the disclosure, then the exposed individual may be informed of the test results regarding communicable diseases of the source patient by an attending physician of the source patient as soon as possible after the exposure has been certified as significant, notwithstanding Section 120980 or any other provision of law.

(d) If the communicable disease status of the source patient is unknown to the certifying physician or an attending physician, if blood or other patient samples are available, and if the exposed individual has tested negative on a baseline test for communicable diseases, the source

patient shall be given the opportunity to give informed consent to a test for communicable diseases in accordance with the following:

(1) Within 72 hours after receiving a written certification of significant exposure, an attending physician of the source patient shall do all of the following:

(A) Make a good faith effort to notify the source patient or the authorized legal representative of the source patient about the significant exposure. A good faith effort to notify includes, but is not limited to, a documented attempt to locate the source patient by telephone or by first-class mail with a certificate of mailing. An attempt to locate the source patient and the results of that attempt shall be documented in the medical record of the source patient. An inability to contact the source patient, or legal representative of the source patient, after a good faith effort to do so as provided in this subdivision, shall constitute a refusal of consent pursuant to paragraph (2). An inability of the source patient to provide informed consent shall constitute a refusal of consent pursuant to paragraph (2), provided all of the following conditions are met:

- (i) The source patient has no authorized legal representative.
- (ii) The source patient is incapable of giving consent.
- (iii) In the opinion of the attending physician, it is likely that the source patient will be unable to grant informed consent within the 72-hour period during which the physician is required to respond pursuant to paragraph (1).

(B) Attempt to obtain the voluntary informed consent of the source patient or the authorized legal representative of the source patient to perform a test for a communicable disease, on the source patient or on any available blood or patient sample of the source patient. The voluntary informed consent shall be in writing. The source patient shall have the option not to be informed of the test result. An exposed individual shall be prohibited from attempting to obtain directly informed consent for testing for communicable diseases from the source patient.

(C) Provide the source patient with medically appropriate pretest counseling and refer the source patient to appropriate posttest counseling and followup, if necessary. The source patient shall be offered medically appropriate counseling whether or not he or she consents to testing.

(2) If the source patient or the authorized legal representative of the source patient refuses to consent to test for a communicable disease after a documented effort has been made to obtain consent, any available blood or patient sample of the source patient may be tested. The source patient or authorized legal representative of the source patient shall be informed that an available blood sample or other tissue or material will

be tested despite his or her refusal, and that the exposed individual shall be informed of the test results regarding communicable diseases.

(3) If the informed consent of the source patient cannot be obtained because the source patient is deceased, consent to perform a test for a communicable disease on any blood or patient sample of the source patient legally obtained in the course of providing health care services at the time of the exposure event shall be deemed granted.

(4) A source patient or the authorized legal representative of a source patient shall be advised that he or she shall be informed of the results of the test for communicable diseases only if he or she wishes to be so informed. If a patient refuses to provide informed consent to testing for communicable diseases and refuses to learn the results of the testing, he or she shall sign a form documenting this refusal. The source patient's refusal to sign this form shall be construed to be a refusal to be informed of the test results regarding communicable diseases. Test results for communicable diseases shall only be placed in the medical record when the patient has agreed in writing to be informed of the results.

(5) Notwithstanding any other provision of law, if the source patient or authorized legal representative of a source patient refuses to be informed of the results of the test, the test results regarding communicable diseases of that source patient shall only be provided to the exposed individual in accordance with the then applicable regulations established by the Division of Occupational Safety and Health.

(6) The source patient's identity shall be encoded on the communicable disease test result record.

(e) If an exposed individual is informed of the status of a source patient with regard to a communicable disease pursuant to this section, the exposed individual shall be informed that he or she is subject to existing confidentiality protections for any identifying information about the communicable disease test results, and that medical information regarding the communicable disease status of the source patient shall be kept confidential and may not be further disclosed, except as otherwise authorized by law. The exposed individual shall be informed of the penalties for which he or she would be personally liable for violation of Section 120980.

(f) The costs for the test and counseling for communicable diseases of the exposed individual, or the source patient, or both, shall be borne by the employer of the exposed individual, if any. An employer who directs and controls the exposed individual shall provide the postexposure evaluation and followup required by the California Division of Occupational Safety and Health as well as the testing and counseling for source patients required under this chapter. If an exposed individual is a volunteer or a student, then the health care provider or first

responder that assigned a task to the volunteer or student may pay for the costs of testing and counseling as if that volunteer or student were an employee. If an exposed individual, who is not an employee of a health facility or of another health care provider, chooses to obtain postexposure evaluation or followup counseling, or both, or treatment, he or she shall be financially responsible for the costs thereof and shall be responsible for the costs of the testing and counseling for the source patient.

(g) Nothing in this section authorizes the disclosure of the source patient's identity.

(h) Nothing in this section shall authorize a health care provider to draw blood or other body fluids except as otherwise authorized by law.

(i) The provisions of this section are cumulative only and shall not preclude testing of source patients for a communicable disease, as authorized by any other provision of law.

(j) Except as otherwise provided under this section, all confidentiality requirements regarding medical records that are provided for under existing law apply to this section.

121140. (a) No health care provider, as defined in this chapter, shall be subject to civil or criminal liability or professional disciplinary action for performing tests for a communicable disease on the available blood or patient sample of a source patient, or for disclosing the communicable disease status of a source patient to the source patient, an attending physician of the source patient, the certifying physician, the exposed individual, or any attending physician of the exposed individual, if the health care provider has acted in good faith in complying with this chapter.

(b) Any health care provider or first responder, or any exposed individual, who willfully performs or permits the performance of a test for a communicable disease on a source patient, that results in economic, bodily, or psychological harm to the source patient, without adhering to the procedure set forth in this chapter is guilty of a misdemeanor, punishable by imprisonment in the county jail for a period not to exceed one year, or a fine not to exceed ten thousand dollars (\$10,000), or by both.

SEC. 2. Chapter 10.5 (commencing with Section 121130) of Part 4 of Division 105 of the Health and Safety Code is repealed.

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.

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CHAPTER 343

An act to amend Section 626.7 of the Penal Code, relating to school safety.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 626.7 of the Penal Code is amended to read:  
626.7. (a) If a person who is not a student, officer, or employee of a public school, and who is not required by his or her employment to be on the campus or any other facility owned, operated, or controlled by the governing board of that school, enters a campus or facility outside of the common areas where public business is conducted, and it reasonably appears to the chief administrative officer of the campus or facility, or to an officer or employee designated by the chief administrative officer to maintain order on the campus or facility, that the person is committing any act likely to interfere with the peaceful conduct of the activities of the campus or facility, or has entered the campus or facility for the purpose of committing any such act, the chief administrative officer or his or her designee may direct the person to leave the campus or facility. If that person fails to do so or if the person returns without following the posted requirements to contact the administrative offices of the campus, he or she is guilty of a misdemeanor and shall be punished as follows:

(1) Upon a first conviction, by a fine of not more than five hundred dollars (\$500), by imprisonment in a county jail for a period of not more than six months, or by both that fine and imprisonment.

(2) If the defendant has been previously convicted once of a violation of any offense defined in this chapter or Section 415.5, by imprisonment in a county jail for a period of not less than 10 days or more than six months, or by both that imprisonment and a fine of not more than five hundred dollars (\$500), and the defendant shall not be released on probation, parole, or any other basis until he or she has served not less than 10 days.

(3) If the defendant has been previously convicted two or more times of a violation of any offense defined in this chapter or Section 415.5, by imprisonment in a county jail for a period of not less than 90 days or more than six months, or by both that imprisonment and a fine of not more than

five hundred dollars (\$500), and the defendant shall not be released on probation, parole, or any other basis until he or she has served not less than 90 days.

For purposes of this section, a representative of a school employee organization engaged in activities related to representation, as provided for in Chapter 10.7 (commencing with Section 3540) of Division 4 of Title 1 of the Government Code, shall be deemed a person required by his or her employment to be in a school building or on the grounds of a school.

(b) The provisions of this section shall not be utilized to impinge upon the lawful exercise of constitutionally protected rights of freedom of speech or assembly.

(c) When a person is directed to leave pursuant to subdivision (a), the person directing him or her to leave shall inform the person that if he or she reenters the campus or facility without following the posted requirements to contact the administrative offices of the campus, he or she will be guilty of a crime.

(d) Notwithstanding any other subdivision of this section, the chief administrative officer, or his or her designee, shall allow a person previously directed to leave the campus or facility pursuant to this section to reenter the campus if the person is a parent or guardian of a pupil enrolled at the campus or facility who has to retrieve the pupil for disciplinary reasons, for medical attention, or for a family emergency.

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.

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## CHAPTER 344

An act to amend Sections 1500, 12110, and 14107 of, and to amend and renumber Section 15278 of, the Elections Code, and to amend Section 36801 of the Government Code, relating to elections.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]



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

SECTION 1. Section 1500 of the Elections Code is amended to read:

1500. If any election to choose members of the governing board of a special district is to be totally conducted by mailed ballot, it shall be held on the last Tuesday in August of each odd-numbered year. However, if permitted by the elections official of the county or counties affected by the use of all mailed ballots, the special district election may be held on the first Tuesday after the first Monday in November of each odd-numbered year. All other district elections conducted by mailed ballot may be held in accordance with the dates set forth in the district enabling act or may be consolidated with the general district election.

SEC. 2. Section 12110 of the Elections Code is amended to read:

12110. In case of a municipal election to fill offices, the city elections official shall not later than one week before the election publish a list of the names of the nominees, in the order in which they appear on the ballot, and the respective offices for which they have been nominated. Publication shall be in the city in a newspaper of general circulation. If there is no newspaper of general circulation published and circulated in the city, the notice shall be typewritten and copies shall be posted conspicuously within the time prescribed in at least three public places in the city. This list shall be headed, "Nominees for Public Office," in conspicuous type, and shall be substantially in the following form:

#### NOMINEES FOR PUBLIC OFFICE

Notice is hereby given that the following persons have been nominated for the offices mentioned below to be filled at the general municipal election to be held in the \_\_\_\_ of \_\_\_\_ on \_\_\_\_ the \_\_\_\_ day of \_\_\_\_, 20\_\_.

(Here follow with the list of nominees.)

Dated, \_\_\_\_

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City Elections Official

SEC. 3. Section 14107 of the Elections Code is amended to read:

14107. (a) The roster to be kept by each precinct board shall be substantially in the following form:



Roster

of the \_\_\_\_\_ election held in the \_\_\_\_\_ precinct \_\_\_\_\_ district, County of \_\_\_\_\_, on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Following are the voters of above precinct desiring to vote under Sections 14216, 14218, 14278, and 14284 of the Elections Code:

No.	Signature of voter	Residence of voter
1	_____	_____
2	_____	_____
3	_____	_____
etc.	_____	_____

We hereby certify that all voters whose signatures appear hereinbefore in this roster voted this day excepting the following who, after signing the roster, failed to vote or were challenged and denied the right to vote.

No.	Name	No.	Name
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

We further certify that the number of voters who voted in this precinct at this election is \_\_\_\_\_, and that the above list of voters, less those who did not vote as enumerated, constitutes the roster of this precinct for this election.

We further certify that the total number of official ballots received, voted, rejected, spoiled and canceled, found in the ballot container and the number accounted for is as indicated on the ballot statement.

We further certify that the assisted voters list and challenge list show a complete list of all voters assisted or challenged.

_____	Clerk	_____	Inspector
_____	Clerk	_____	Judge
_____	Clerk	_____	Judge

All members of the precinct board shall sign this certificate.

(b) When votes are counted at the precinct, all members of the board shall also sign the certificate of performance prescribed in Section 15280.

SEC. 4. Section 15278 of the Elections Code, as added by Chapter 1073 of the Statutes of 1998, is amended and renumbered to read:

15278.5. No precinct board member may make any tally of votes in any other manner than is provided in this article, nor in any place other than on the tally sheets provided for that purpose.

SEC. 5. Section 36801 of the Government Code is amended to read:

36801. The city council shall meet at the regularly scheduled meeting next following the meeting at which the declaration of the election results was made pursuant to Section 10262 or 10263 of the Elections Code and choose one of its number as mayor, and one of its number as mayor pro tempore.

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## CHAPTER 345

An act to amend Section 11165 of, and to add and repeal Section 11165.1 of, the Health and Safety Code, relating to controlled substances.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 11165 of the Health and Safety Code is amended to read:

11165. (a) To assist law enforcement and regulatory agencies in their efforts to control the diversion and resultant abuse of Schedule II controlled substances, and for statistical analysis, education, and research, the Department of Justice shall, contingent upon the availability of adequate funds from the Contingent Fund of the Medical Board of California, the Pharmacy Board Contingent Fund, the State Dentistry Fund, and the Osteopathic Medical Board of California Contingent Fund, establish the Controlled Substance Utilization Review and Evaluation System (CURES) for the electronic monitoring of the prescribing and dispensing of Schedule II controlled substances by all practitioners authorized to prescribe or dispense these controlled substances. CURES shall be implemented as a pilot project, commencing on July 1, 1997, to be administered concurrently with the existing triplicate prescription process, to examine the comparative efficiencies between the two systems.

(b) The CURES pilot project shall operate under existing provisions of law to safeguard the privacy and confidentiality of patients. Data obtained from CURES shall only be provided to appropriate state, local,

and federal persons or public agencies for disciplinary, civil, or criminal purposes and to other agencies or entities, as determined by the Department of Justice, for the purpose of educating practitioners and others in lieu of disciplinary, civil, or criminal actions. Data may be provided to public or private entities, as approved by the Department of Justice, for educational, peer review, statistical, or research purposes, provided that patient information, including any information that may identify the patient, is not compromised. Further, data disclosed to any individual or agency as described in this subdivision, shall not be disclosed, sold, or transferred to any third party.

(c) 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 dates on which it becomes inoperative and is repealed.

SEC. 2. Section 11165.1 is added to the Health and Safety Code, to read:

11165.1. (a) (1) A licensed health care practitioner eligible to obtain triplicate prescription forms pursuant to Section 11161 or a pharmacist may make a written request for, and the Department of Justice may release to that practitioner or pharmacist, the history of controlled substances dispensed to an individual under his or her care based on data contained in CURES.

(2) Any request for, or release of, a controlled substance history pursuant to this section shall be made in accordance with guidelines developed by the Department of Justice.

(b) In order to prevent the inappropriate, improper, or illegal use of Schedule II controlled substances, the Department of Justice may initiate the referral of the history of controlled substances dispensed to an individual based on data contained in CURES to licensed health care practitioners, pharmacists, or both, providing care or services to the individual.

(c) The history of controlled substances dispensed to an individual based on data contained in CURES that is received by a practitioner or pharmacist from the Department of Justice pursuant to this section shall be considered medical information subject to the provisions of the Confidentiality of Medical Information Act contained in Part 2.6 (commencing with Section 56) of Division 1 of the Civil Code.

(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.

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## CHAPTER 346

An act to add Chapter 2.87 (commencing with Section 7286.44) to Part 1.7 of Division 2 of the Revenue and Taxation Code, relating to transactions and use taxes.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Chapter 2.87 (commencing with Section 7286.44) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

## CHAPTER 2.87. CITY OF VISALIA TRANSACTIONS AND USE TAX

7286.44. (a) Subject to the expenditure restrictions in subdivision (b), the City of Visalia may levy a tax at a rate of 0.25 percent in accordance with the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), if both of the following conditions are met:

(1) An ordinance proposing that tax is approved by a majority vote of all of the members of the city council.

(2) The proposing ordinance is approved by a two-thirds vote of qualified voters of the city voting in an election on the issue.

(b) The net revenues derived from a tax imposed pursuant to this section shall be exclusively expended for public safety, fire, and law enforcement purposes.

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 uniquely difficult fiscal pressures being experienced by the City of Visalia in providing public safety, fire, and law enforcement services.

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CHAPTER 347

An act to amend Sections 1749.01 and 10506 of the Insurance Code, relating to insurance.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. It is the intent of the Legislature that insurers authorized to issue policies and contracts providing variable benefits be permitted to implement changes to the mutual funds underlying variable contract separate accounts without being subject to the Insurance Commissioner's approval or acknowledgment prior to implementation.

SEC. 2. Section 1749.01 of the Insurance Code is amended to read: 1749.01. Sections 1749 and 1749.3 shall not apply to a life agent who is limited by the terms of a written agreement with the insurer, which 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. The commissioner may require the insurer appointing those life agents to certify as to the limitations of the agents' representation.

SEC. 3. Section 10506 of the Insurance Code is amended to read: 10506. (a) Any domestic life insurance company may, after adoption of a resolution by its board of directors, allocate to one or more separate accounts, in accordance with the terms of a written agreement, any amounts which are paid to the company in connection with a pension, retirement, retirement medical benefits, or profit-sharing plan, or program for one or more persons, or with an individual or group variable life insurance policy, and which are to be, or may be, applied in payment or in making provision for payment of proceeds or benefits under the company's policies, contracts, or agreements of retirement benefits, and other benefits incidental thereto, in fixed or variable dollar amounts, or both. The income, if any, and gains or losses, realized or unrealized, on each account shall be credited to or charged against the amount allocated to the account in accordance with the agreement, without regard to the other income, gains or losses of the company. The amounts allocated to the accounts and accumulations thereon, by any life insurance company shall be invested and reinvested as specified in the policy, contract, or agreement without regard to any requirements or limitations prescribed by the laws of this state governing the investments of insurance companies, provided that the amounts allocated to separate accounts for which the insurer has issued guarantees of benefits as to dollar amount and duration or of funds as to all or part of the principal amount thereof or stated rate of interest, and the accumulations thereon pursuant to Section 10506.4, shall be invested in the types of investments permitted to life insurance companies for investments held in the insurer's general account as described in Article 3 (commencing with Section 1170), Article 4 (commencing with Section 1190), and

Article 4.6 (commencing with Section 1211) of Chapter 2 of Part 2 of Division 1 (excluding Section 1212 thereof), except that the approved method of operations and applicable policy, contract, or agreement provisions shall govern the amount of these investments held in the separate account. However, with regard to variable life insurance separate accounts and accumulations thereon, the separate accounts shall have sufficient net investment income and readily marketable assets to meet anticipated obligations under policies funded by the account. The limitations contained in Sections 1192.4 and 1198 are not applicable to these investments. These investments shall not be included in determining the propriety of other investments of the company. The liability of the company with respect thereto, but only to the extent prescribed in the agreement, shall be shown on the statement of the company in the manner prescribed by the commissioner. Amounts allocated by an insurance company to separate accounts in the exercise of the power granted by this section shall be owned by the company, but shall not be chargeable with liabilities arising out of any other business the company may conduct except and to the extent provided in the policy, contract, or agreement. The company shall not hold itself out to be a trustee in respect to these amounts.

(b) In addition to amounts otherwise allocated to separate accounts, a domestic life insurer may allocate to the account or accounts amounts which otherwise would be subject to investment in accordance with Article 4 (commencing with Section 1190) of Chapter 2 of Part 2 of Division 1. The aggregate of these additional amounts shall not, however, exceed 1 percent of its admitted assets as of the preceding December 31, or 5 percent of the excess of its admitted assets over its liabilities and required reserves as of the preceding December 31, whichever is the smaller. The company shall be entitled to withdraw at any time, in whole or in part, its participation in any separate account to which funds have been allocated as provided in this subdivision and to receive, upon withdrawal, its proportionate share of the value of the assets of the separate account at the time of withdrawal.

(c) In addition to the allocations to separate accounts provided for in subdivision (a), a domestic insurer may, at the request of a policyholder or contractholder or the beneficiary of a policy or contract, allocate to any separate account or accounts, death payments, proceeds of matured endowments, dividends, or surrender values.

(d) Except as otherwise provided in Section 10506.4, or with the approval of the commissioner, and under conditions as to investments and other matters as he or she may prescribe, which shall recognize the guaranteed nature of the benefits provided, reserves for (1) benefits guaranteed as to dollar amount and duration and (2) funds guaranteed as to principal amount or stated rate of interest shall not be maintained in

a separate account that, as provided under applicable policy, contract, or agreement, is or is not chargeable with liabilities arising out of any other business the company may conduct.

(e) Unless otherwise approved by the commissioner, assets allocated to a separate account shall be valued at their market value, or at amortized cost if it approximates market value within the limits and constraints imposed by the United States Securities and Exchange Commission, on the date of valuation, or, if there is no readily available market, then as provided under the terms of the contract or the rules or other written agreement applicable to the separate account. Unless otherwise approved by the commissioner, the portion of any of the assets of the separate account equal to the company's reserve liability, with regard to the guaranteed benefits and funds referred to in subdivision (d), shall be valued in accordance with the rules otherwise applicable to the company's assets.

(f) (1) Except as provided in paragraph (2) of subdivision (f), a sale, exchange, or other transfer of assets may not be made by a company between any of its separate accounts, or between any other of its investment accounts and one or more of its separate accounts unless, in case of a transfer into a separate account, the transfer is made solely to establish the account or to support the operation of the contracts with respect to the separate account to which the transfer is made, and unless the transfer, whether into or from a separate account is made (1) by a transfer of cash, or (2) by a transfer of securities having a readily determinable market value, and the transfer of securities is approved by the commissioner. The commissioner may approve other transfers among the accounts if, in his or her opinion, the transfer would not be inequitable.

(2) Transfers from an insurer's general account to one or more of its separate accounts to establish and maintain reserves for the guarantees authorized by Section 10506.4 shall only be made in cash in accordance with methods of operations approved pursuant to subdivision (c) of Section 10506.4. A transfer shall not operate to increase the amounts permitted to be allocated by an insurer to the separate accounts pursuant to this subdivision or by subdivision (b) of Section 10506, and the provisions of that subdivision shall not limit these transfers.

(g) Any domestic life insurance company which establishes one or more separate accounts pursuant to this section may provide for special voting rights and procedures for participants in the separate account relating to investment policy, investment advisory services, and selection of certified public accountants in relation to the administration of the assets in any separate account. The voting rights shall be in addition to, and shall not affect, voting rights of mutual insurers.

(h) The purpose and intent of this section is to permit the issuance and delivery of policies or contracts, in connection with a pension, retirement, retirement medical benefits, or profit-sharing plan, or program for one or more persons, or policies of variable life insurance, providing for the payment of benefits in fixed or variable amounts, or both, and the establishment of separate accounts by domestic companies for the administration of and investments under these agreements. To protect the public and policyholders located in this state from hazardous operation by domestic and foreign companies, and to further the purpose and provision of this section, no domestic or foreign life insurance company shall undertake the issuance of any contract providing for variable benefits until the company has satisfied the commissioner that its condition or method of operation in connection with the issuance of these contracts shall not be such as would render its operation hazardous to the public or its policyholders in this state and, in the case of a foreign or alien insurer, that it meets the conditions prescribed in Section 716, for the issuance of a certificate of authority. In determining the qualification of a company requesting authority to issue contracts providing for variable benefits within this state, the commissioner shall consider among other things, (1) the history of the company; (2) the character, responsibility, and general fitness of the officers and directors of the company; (3) the regulation of a foreign company by its state of domicile; (4) the adequacy of the investment management which the company is providing; and (5) the company's arrangements for the supervision of the marketing of the contracts. Subsequent to an insurer initially satisfying the commissioner that its condition or method of operation would not render its operation hazardous to the public or its policyholders, the insurer shall notify the commissioner at any time it implements a material change respecting the mutual funds underlying the variable contract separate account available or to be available with a policy or contract providing variable benefits. The notification shall prominently disclose the sales charges, management and other fees payable to the insurer under the contract, and whether one or more of the mutual funds underlying the variable contract separate account are issued by an affiliated company and the names of those mutual funds. The notification shall be accompanied by a certification signed by an executive officer having responsibility for contracts providing variable benefits stating that the change complies with relevant statutes and regulations. The commissioner may review the notification to ensure the continued qualification of the insurer to issue and deliver those policies and contracts. The commissioner may make reasonable rules and regulations as he or she considers necessary, proper, and advisable concerning the issuance and delivery of these policies and contracts and the payment of benefits thereunder and the manner in which the separate



accounts shall be administered and which types of policies and contracts, if any, shall be subject to his or her approval prior to issue. Notification of any material change shall not be subject to the commissioner's approval or acknowledgment prior to implementation. The commissioner shall promulgate on an emergency basis, and in accordance with the rulemaking 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), a regulation superseding Insurance Department Bulletin 97-2 that shall become effective January 1, 2003. Until promulgation of the regulation, the commissioner and insurers may continue to rely upon Insurance Department Bulletin 97-2, except that the commissioner's approval or acknowledgment prior to implementation of a change to a mutual fund underlying a variable contract separate account shall not be required on or after January 1, 2003.

However, no company may provide variable benefits in its contracts unless it is an admitted insurer having and maintaining a combined capital and surplus of at least ten million dollars (\$10,000,000).

For purposes of this section, "affiliated company" has the same meaning given in paragraph (1) of subsection (g) of Section 6701 of Title 15 of the United States Code.

(i) (1) Any contract providing benefits payable in variable amounts delivered or issued for delivery in this state on or after the effective date of the amendments to this section enacted at the 1971 Regular Session of the Legislature shall contain a statement of the essential features of the procedures to be followed by an insurance company in determining the dollar amount of these variable benefits. Any contract under which the benefits vary to reflect investment experience, including a group contract and any certificate in evidence of variable benefits issued thereunder, shall state that the dollar amount shall so vary, and shall contain on its first page a statement to the effect that the benefits thereunder are on a variable basis. Except for Article 3a (commencing with Section 10159.1) of Chapter 1 of Part 2 of Division 2, in the case of a variable life insurance policy, and except as otherwise provided in this section, all pertinent provisions of this code shall apply to separate accounts and contracts relating thereto. Any variable life insurance contract, delivered or issued for delivery in this state on or after the effective date of the amendments to this section enacted at the 1992 Regular Session of the Legislature, shall contain such nonforfeiture provisions as are appropriate to such a contract.

(2) The reserve liability for variable contracts shall be established in accordance with actuarial procedures that recognize the variable nature of the benefits provided and any mortality guarantees.

(j) No insurer shall issue anywhere any group variable life insurance policy for which the master contractholder or any covered party is an individual residing in this state or is a corporation, association, trust, or other legal entity that is either domiciled in or has its principal place of business in this state, unless the insurer has become qualified to issue variable life insurance policies and its group master policy form together with all forms of certificates or notices thereunder have been approved by the commissioner. Group variable life insurance policies shall be issued only to groups referred to in Chapter 2 (commencing with Section 10200) of Part 2 of Division 2.

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## CHAPTER 348

An act to add Part 4 (commencing with Section 1500) to Division 1 of the Food and Agricultural Code, relating to California Agriculture Day.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

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

(a) Agriculture has played a significant role in the history of California and continues to greatly influence the future of California.

(b) California agriculture supports 1.1 million jobs, nearly 8 percent of all jobs in the state.

(c) California is by far the largest agricultural state in both production and export.

(d) California agriculture is a \$27.2 billion industry that produces more than 350 crop and livestock commodities. This abundance generates more than \$100 billion in related economic activity for the state and has a tremendous positive effect on individual households.

(e) California provides more than half of the nation's fruits, nuts, and vegetables.

SEC. 2. Part 4 (commencing with Section 1500) is added to Division 1 of the Food and Agricultural Code, to read:

### PART 4. CALIFORNIA AGRICULTURE DAY

1500. The first day of spring in each year is hereby designated as California Agriculture Day.

1501. Notwithstanding the Education Code, including, but not limited to, provisions relating to curriculum requirements, on the first day of spring or on another day determined by public schools throughout the state, these schools are encouraged to provide education that instructs students on the history and importance of agriculture in California. This instruction may include education on agricultural history, nutrition, economics, or the planting of a school garden ; or the use of any educational device that commemorates agriculture's importance in California.

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## CHAPTER 349

An act to amend Sections 4901, 4903, 4905, 4906, 4909, 4910, 4911, 4912, 4913, 4915, 4917, 4918, 4919, 4920, 4921, 4922, 4924, 4925, 4928, 4930, 4931, 4933, 4935, 4940, 4941, 4942, 4945, 4946, 4950, 4951, 4953, 4954, 4956, 4959, 4960, 4961, 4965, 4970, 4971, and 4975 of, to add Sections 4913.5, 4914, and 4964 to, and to repeal and add Section 4926 of, the Family Code, relating to support.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 4901 of the Family Code is amended to read: 4901. The following definitions apply to this chapter:

(a) "Child" means an individual, whether over or under the age of majority, who is, or is alleged to be, owed a duty of support by the individual's parent or who is, or is alleged to be, the beneficiary of a support order directed to the parent.

(b) "Child support order" means a support order for a child, including a child who has attained the age of majority under the law of the issuing state.

(c) "Duty of support" means an obligation imposed or imposable by law to provide support for a child, spouse, or former spouse, including an unsatisfied obligation to provide support.

(d) "Home state" means the state in which a child lived with a parent or a person acting as parent for at least six consecutive months immediately preceding the time of filing of a petition or comparable pleading for support and, if a child is less than six months old, the state in which the child lived from birth with any of them. A period of temporary absence of any of them is counted as part of the six-month or other period.

(e) "Income" includes earnings or other periodic entitlements to money from any source and any other property subject to withholding for support under the laws of this state.

(f) "Income-withholding order" means an earnings assignment order for support, as defined in Section 5208, or any other order or other legal process directed to an obligor's employer, or other debtor, to withhold from the income of the obligor an amount owed for support.

(g) "Initiating state" means a state from which a proceeding is forwarded, or in which a proceeding is filed for forwarding, to a responding state under this chapter or a law or procedure substantially similar to this chapter.

(h) "Initiating tribunal" means the authorized tribunal in an initiating state.

(i) "Issuing state" means the state in which a tribunal issues a support order or renders a judgment determining parentage.

(j) "Issuing tribunal" means the tribunal that issues a support order or renders a judgment determining parentage.

(k) "Law" includes decisional and statutory law and rules and regulations having the force of law.

(l) "Obligee" means any of the following:

(1) An individual to whom a duty of support is, or is alleged to be, owed or in whose favor a support order has been issued or a judgment determining parentage has been rendered.

(2) A state or political subdivision to which the rights under a duty of support or support order have been assigned or which has independent claims based on its provision of financial assistance to an individual obligee.

(3) An individual seeking a judgment determining parentage of the individual's child.

(m) "Obligor" means an individual, or the estate of a decedent, who satisfies any of the following criteria:

(1) He or she owes or is alleged to owe a duty of support.

(2) He or she is alleged, but has not been adjudicated to be, a parent of a child.

(3) He or she is liable under a support order.

(n) "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, government, governmental subdivision, agency, or instrumentality, public corporation, or any other legal or commercial entity.

(o) "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(p) “Register” means to file a support order or judgment determining parentage in the superior court in any county in which enforcement of the order is sought.

(q) “Registering tribunal” means a tribunal in which a support order is registered.

(r) “Responding state” means a state in which a proceeding is filed or to which a proceeding is forwarded for filing from an initiating state under this chapter or a law or procedure substantially similar to this chapter

(s) “Responding tribunal” means the authorized tribunal in a responding state.

(t) “Spousal support order” means a support order for a spouse or former spouse of the obligor.

(u) “State” means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States. The term “state” also includes both of the following:

(1) An Indian tribe.

(2) A foreign country or political subdivision that has been declared to be a foreign reciprocating country or political subdivision under federal law, has established a reciprocal arrangement for child support with this state as provided in Section 4922, or has enacted a law or established procedures for issuance and enforcement of support orders which are substantially similar to the procedures under this chapter.

(v) “Support enforcement agency” means a public official or agency authorized to seek any of the following:

(1) Enforcement of support orders or laws relating to the duty of support.

(2) Establishment or modification of child support.

(3) Determination of parentage.

(4) Location of obligors or their assets.

(5) Determination of the controlling child support orders.

(w) “Support order” means a judgment, decree, order, or directive whether temporary, final, or subject to modification, issued by a tribunal for the benefit of a child, spouse, or former spouse, that provides for monetary support, health care, arrearages, or reimbursement, and may include related costs and fees, interest, income withholding, attorney’s fees, or other relief.

(x) “Tribunal” means a court, administrative agency, or quasi-judicial entity authorized to establish, enforce, or modify support orders or to determine parentage.

SEC. 2. Section 4903 of the Family Code is amended to read:

4903. (a) Remedies provided by this chapter are cumulative and do not affect the availability of remedies under other law, including the

recognition of a support order of a foreign country or political subdivision on the basis of the comity.

(b) This chapter does not provide the exclusive method of establishing or enforcing a support order under the law of this state, or grant a tribunal of this state jurisdiction to render judgment or issue an order relating to child custody or visitation in a proceeding under this chapter.

SEC. 3. Section 4905 of the Family Code is amended to read:

4905. In a proceeding to establish or enforce a support order or to determine parentage, a tribunal of this state may exercise personal jurisdiction over a nonresident individual or the individual's guardian or conservator if any of the following apply:

- (1) The individual is personally served with notice within this state.
- (2) The individual submits to the jurisdiction of this state by consent, by entering a general appearance, or by filing a responsive document having the effect of waiving any contest to personal jurisdiction.
- (3) The individual resided with the child in this state.
- (4) The individual resided in this state and provided prenatal expenses or support for the child.
- (5) The child resides in this state as a result of the acts or directives of the individual.
- (6) The individual engaged in sexual intercourse in this state and the child may have been conceived by that act of intercourse.
- (7) The individual has filed a declaration of paternity pursuant to Chapter 3 (commencing with Section 7570) of Part 2 of Division 12.
- (8) There is any other basis consistent with the constitutions of this state and the United States for the exercise of personal jurisdiction.

(b) The bases of personal jurisdiction set forth in subdivision (a) or in any other law of this state may not be used to acquire personal jurisdiction for a tribunal of the state to modify a child support order of another state unless the requirements of Section 4960 or 4964 are met.

SEC. 4. Section 4906 of the Family Code is amended to read:

4906. Personal jurisdiction acquired by a tribunal of this state in a proceeding under this chapter or other law of this state relating to a support order continues as long as a tribunal of this state has continuing, exclusive jurisdiction to modify its order or continuing jurisdiction to enforce its order as provided by Section 4909, 4910, or 4914.

SEC. 5. Section 4909 of the Family Code is amended to read:

4909. (a) A tribunal of this state that has issued a support order consistent with the law of this state has and shall exercise continuing, exclusive jurisdiction to modify its child support order, if the order is the controlling order and either of the following applies:

(1) At the time of filing the request for modification, this state is the residence of the obligor, the individual obligee, or the child for whose benefit the support order is issued.

(2) Even if this state is not the residence of the obligor, the individual obligee, or the child for whose benefit the support order is issued, the parties consent in a record or in open court that the tribunal of this state may continue to exercise jurisdiction to modify its order.

(b) A tribunal of this state that has issued a child support order consistent with the law of this state may not exercise continuing, exclusive jurisdiction to modify the order if either of the following applies:

(1) All of the parties who are individuals file consent in a record with the tribunal of this state that a tribunal of another state that has jurisdiction over at least one of the parties who is an individual or that is located in the state of residence of the child may modify the order and assume continuing, exclusive jurisdiction.

(2) Its order is not the controlling order.

(c) If a tribunal of another state has issued a child support order pursuant to the Uniform Interstate Family Support Act or a law substantially similar to that act which modifies a child support order of a tribunal of this state, tribunals of this state shall recognize the continuing, exclusive jurisdiction of the tribunal of the other state.

(d) A tribunal of this state that lacks continuing, exclusive jurisdiction to modify a child support order may serve as an initiating tribunal to request a tribunal of another state to modify a support order issued in that state.

(e) A temporary support order issued ex parte or pending resolution of a jurisdictional conflict does not create continuing, exclusive jurisdiction in the issuing tribunal.

SEC. 6. Section 4910 of the Family Code is amended to read:

4910. (a) A tribunal of this state that has issued a child support order consistent with the law of this state may serve as an initiating tribunal to request a tribunal of another state to enforce the order, if the order is the controlling order and has not been modified by a tribunal of another state that assumed jurisdiction pursuant to the Uniform Interstate Family Support Act, or a money judgment for arrears of support and interest on the order accrued before a determination that an order of another state is the controlling order.

(b) A tribunal of this state having continuing jurisdiction over a support order may act as a responding tribunal to enforce the order.

SEC. 7. Section 4911 of the Family Code is amended to read:

4911. (a) If a proceeding is brought under this chapter and only one tribunal has issued a child support order, the order of that tribunal controls and shall be so recognized.



(b) If a proceeding is brought under this chapter, and two or more child support orders have been issued by tribunals of this state or another state with regard to the same obligor and same child, a tribunal of this state having personal jurisdiction over both the obligor and individual obligee shall apply the following rules and by order shall determine which order controls:

(1) If only one of the tribunals would have continuing, exclusive jurisdiction under this chapter, the order of that tribunal controls and shall be so recognized.

(2) If more than one of the tribunals would have continuing, exclusive jurisdiction under this chapter, an order issued by a tribunal in the current home state of the child controls, but if an order has not been issued in the current home state of the child, the order most recently issued controls.

(3) If none of the tribunals would have continuing, exclusive jurisdiction under this chapter, the tribunal of this state shall issue a child support order, which controls.

(c) If two or more child support orders have been issued for the same obligor and same child, upon request of a party who is an individual or a support agency, a tribunal of this state having personal jurisdiction over both the obligor and the obligee who is an individual shall determine which order controls under subdivision (b). The request may be filed with a registration for enforcement or registration for modification pursuant to Article 6 (commencing with Section 4950), or may be filed as a separate proceeding.

(d) A request to determine which is the controlling order shall be accompanied by a copy of every child support order in effect and the applicable record of payments. The requesting party shall give notice of the request to each party whose rights may be affected by the determination.

(e) The tribunal that issued the controlling order under subdivision (a), (b), or (c) has continuing jurisdiction to the extent provided in Section 4909 or 4910.

(f) A tribunal of this state that determines by order which is the controlling order under paragraph (1) or (2) of subdivision (b) or subdivision (c), or that issues a new controlling order under paragraph (3) of subdivision (b), shall state in that order the basis upon which the tribunal made its determination, the amount of prospective support, if any, and the total amount of consolidated arrears and accrued interest, if any, under all of the orders after all payments made are credited as provided by Section 4913.

(g) Within 30 days after issuance of an order determining which is the controlling order, the party obtaining the order shall file a certified copy of it in each tribunal that issued or registered an earlier order of child support. A party or support enforcement agency obtaining the order that



fails to file a certified copy is subject to appropriate sanctions by a tribunal in which the issue of failure to file arises. The failure to file does not affect the validity or enforceability of the controlling order.

(h) An order that has been determined to be the controlling order, or a judgment for consolidated arrears of support and interest, if any, made pursuant to this section shall be recognized in proceedings under this chapter.

SEC. 8. Section 4912 of the Family Code is amended to read:

4912. In responding to registrations or petitions for enforcement of two or more child support orders in effect at the same time with regard to the same obligor and different individual obligees, at least one of which was issued by a tribunal of another state, a tribunal of this state shall enforce those orders in the same manner as if the orders had been issued by a tribunal of this state.

SEC. 9. Section 4913 of the Family Code is amended to read:

4913. A tribunal of this state shall credit amounts collected for a particular period pursuant to any child support order against the amounts owed for the same period under any other child support order for support of the same child issued by a tribunal of this or another state.

SEC. 10. Section 4913.5 is added to the Family Code, to read:

4913.5. A tribunal of this state exercising personal jurisdiction over a nonresident in a proceeding under this chapter, under other law of this state relating to a support order, or recognizing a support order of a foreign country or political subdivision on the basis of comity may receive evidence from another state pursuant to Section 4930, communicate with a tribunal of another state pursuant to Section 4931, and obtain discovery through a tribunal of another state pursuant to Section 4932. In all other respects, Article 3 (commencing with Section 4905) to Article 7 (commencing with Section 4965), inclusive, do not apply and the tribunal shall apply the procedural and substantive law of this state.

SEC. 11. Section 4914 is added to the Family Code, to read:

4914. (a) A tribunal of this state issuing a spousal support order consistent with the law of this state has continuing, exclusive jurisdiction to modify the spousal support order throughout the existence of the support obligation.

(b) A tribunal of this state may not modify a spousal support order issued by a tribunal of another state having continuing, exclusive jurisdiction over that order under the law of that state.

(c) A tribunal of this state that has continuing, exclusive jurisdiction over a spousal support order may serve as either of the following:

(1) An initiating tribunal to request a tribunal of another state to enforce the spousal support order issued in this state.

(2) A responding tribunal to enforce or modify its own spousal support order.

SEC. 12. Section 4915 of the Family Code is amended to read:

4915. (a) Except as otherwise provided in this chapter, this article applies to all proceedings under this chapter.

(b) An individual or a support enforcement agency may initiate a proceeding authorized under this chapter by filing a petition in an initiating tribunal for forwarding to a responding tribunal or by filing a petition or a comparable pleading directly in a tribunal of another state which has or can obtain personal jurisdiction over the respondent.

SEC. 13. Section 4917 of the Family Code is amended to read:

4917. Except as otherwise provided by this chapter, a responding tribunal of this state shall do both of the following:

(a) Apply the procedural and substantive law generally applicable to similar proceedings originating in this state and may exercise all powers and provide all remedies available in those proceedings.

(b) Determine the duty of support and the amount payable in accordance with the law and support guidelines of this state.

SEC. 14. Section 4918 of the Family Code is amended to read:

4918. (a) Upon the filing of a petition authorized by this chapter, an initiating tribunal of this state shall forward the petition and its accompanying documents to either of the following:

(1) The responding tribunal or appropriate support enforcement agency in the responding state.

(2) If the identity of the responding tribunal is unknown, the state information agency of the responding state with a request that they be forwarded to the appropriate tribunal and that receipt be acknowledged.

(b) If requested by a responding tribunal, a tribunal of this state shall issue a certificate or other document and make findings required by the law of the responding state. If the responding state is a foreign country or political subdivision, upon request the tribunal shall specify the amount of support sought, convert that amount into the equivalent amount in the foreign currency under applicable official or market exchange rate as publicly reported, and provide any other documents necessary to satisfy the requirements of the responding state.

SEC. 15. Section 4919 of the Family Code is amended to read:

4919. (a) When a responding tribunal of this state receives a petition or comparable pleading from an initiating tribunal or directly pursuant to subdivision (b) of Section 4915, it shall cause the petition or pleading to be filed and notify the petitioner where and when it was filed.

(b) A responding tribunal of this state, to the extent not prohibited by other law, may do one or more of the following:

(1) Issue or enforce a support order, modify a child support order, determine the controlling child support order, or determine parentage.

(2) Order an obligor to comply with a support order, specifying the amount and the manner of compliance.

(3) Order income withholding.

(4) Determine the amount of any arrearages, and specify a method of payment.

(5) Enforce orders by civil or criminal contempt, or both.

(6) Set aside property for satisfaction of the support order.

(7) Place liens and order execution on the obligor's property.

(8) Order an obligor to keep the tribunal informed of the obligor's current residential address, telephone number, employer, address of employment, and telephone number at the place of employment.

(9) Issue a bench warrant for an obligor who has failed after proper notice to appear at a hearing ordered by the tribunal and enter the bench warrant in any local and state computer systems for criminal warrants.

(10) Order the obligor to seek appropriate employment by specified methods.

(11) Award reasonable attorney's fees and other fees and costs.

(12) Grant any other available remedy.

(c) A responding tribunal of this state shall include in a support order issued under this chapter, or in the documents accompanying the order, the calculations on which the support order is based.

(d) A responding tribunal of this state may not condition the payment of a support order issued under this chapter upon compliance by a party with provisions for visitation.

(e) If a responding tribunal of this state issues an order under this chapter, the tribunal shall send a copy of the order to the petitioner and the respondent and to the initiating tribunal, if any.

(f) If requested to enforce a support order, arrears, or judgment or modify a support order stated in a foreign currency, a responding tribunal of this state shall convert the amount stated in the foreign currency to the equivalent amount in dollars under the applicable official or market exchange rate as publicly reported.

SEC. 16. Section 4920 of the Family Code is amended to read:

4920. If a petition or comparable pleading is received by an inappropriate tribunal of this state, the tribunal shall forward the pleading and accompanying documents to an appropriate tribunal in this state or another state and notify the petitioner where and when the pleading was sent.

SEC. 17. Section 4921 of the Family Code is amended to read:

4921. (a) A support enforcement agency of this state, upon request, shall provide services to a petitioner in a proceeding under this chapter.

(b) A support enforcement agency of this state that is providing services to the petitioner shall do all of the following:

(1) Take all steps necessary to enable an appropriate tribunal in this state or another state to obtain jurisdiction over the respondent.

(2) Request an appropriate tribunal to set a date, time, and place for a hearing.

(3) Make a reasonable effort to obtain all relevant information, including information as to income and property of the parties.

(4) Within 14 days, exclusive of Saturdays, Sundays, and legal holidays, after receipt of a written notice in a record from an initiating, responding, or registering tribunal, send a copy of the notice to the petitioner.

(5) Within 14 days, exclusive of Saturdays, Sundays, and legal holidays, after receipt of a written communication in a record from the respondent or the respondent's attorney, send a copy of the communication to the petitioner.

(6) Notify the petitioner if jurisdiction over the respondent cannot be obtained.

(7) Perform the acts required by Section 4978.

(c) A support enforcement agency of this state that requests registration of a child support order in this state for enforcement or for modification shall make reasonable efforts to do either of the following:

(1) Ensure that the order to be registered is the controlling order.

(2) If two or more child support orders exist and the identity of the controlling order has not been determined, ensure that a request for such a determination is made in a tribunal having jurisdiction to do so.

(d) A support enforcement agency of this state that requests registration and enforcement of a support order, arrears, or judgment stated in a foreign currency shall convert the amounts stated in the foreign currency into the equivalent amounts in dollars under the applicable official or market exchange rate as publicly reported.

(e) A support enforcement agency of this state shall issue, or request a tribunal of this state to issue, a child support order and an income-withholding order that redirect payment of current support, arrears, and interest if requested to do so by a support enforcement agency of another state pursuant to Section 319 of the Uniform Interstate Family Support Act.

(f) This chapter does not create or negate a relationship of attorney and client or other fiduciary relationship between a support enforcement agency or the attorney for the agency and the individual being assisted by the agency.

SEC. 18. Section 4922 of the Family Code is amended to read:

4922. (a) If the Attorney General determines that the support enforcement agency is neglecting or refusing to provide services to an individual, the Attorney General may order the agency to perform its

duties under this chapter or may provide those services directly to the individual.

(b) The Department of Child Support Services may determine that a foreign country or political subdivision has established a reciprocal arrangement for child support with this state and take appropriate action for notification of the determination.

SEC. 19. Section 4924 of the Family Code is amended to read:

4924. (a) The Department of Child Support Services is the state information agency under this chapter.

(b) The state information agency shall do all of the following:

(1) Compile and maintain a current list, including addresses, of the tribunals in this state which have jurisdiction under this chapter and any support enforcement agencies in this state and transmit a copy to the state information agency of every other state.

(2) Maintain a register of names and addresses of tribunals and support enforcement agencies received from other states.

(3) Forward to the appropriate tribunal in the county in this state in which the obligee who is an individual or the obligor resides, or in which the obligor's property is believed to be located, all documents concerning a proceeding under this chapter received from an initiating tribunal or the state information agency of the initiating state.

(4) Obtain information concerning the location of the obligor and the obligor's property within this state not exempt from execution, by such means as postal verification and federal or state locator services, examination of telephone directories, requests for the obligor's address from employers, and examination of governmental records, including, to the extent not prohibited by other law, those relating to real property, vital statistics, law enforcement, taxation, motor vehicles, driver's licenses, and social security.

SEC. 20. Section 4925 of the Family Code is amended to read:

4925. (a) In a proceeding under this chapter, a petitioner seeking to establish a support order, to determine parentage, or to register and modify a support order of another state shall file a petition. Unless otherwise ordered under Section 4926, the petition or accompanying documents shall provide, so far as known, the name, residential address, and social security numbers of the obligor and the obligee or the parent and alleged parent, and the name, sex, residential address, social security number, and date of birth of each child for whose benefit support is sought or whose parentage is to be determined. Unless filed at the time of registration, the petition shall be accompanied by a copy of any support order known to have been issued by another tribunal. The petition may include any other information that may assist in locating or identifying the respondent.

(b) The petition shall specify the relief sought. The petition and accompanying documents shall conform substantially with the requirements imposed by the forms mandated by federal law for use in cases filed by a support enforcement agency.

SEC. 21. Section 4926 of the Family Code is repealed.

SEC. 22. Section 4926 is added to the Family Code, to read:

4926. If a party alleges in an affidavit or a pleading under penalty of perjury that the health, safety, or liberty of a party or child would be jeopardized by disclosure of specific identifying information, that information shall be sealed and may not be disclosed to the other party or the public. After a hearing in which a tribunal takes into consideration the health, safety, or liberty of the party or child, the tribunal may order disclosure of information that the tribunal determines to be in the interest of justice.

SEC. 23. Section 4928 of the Family Code is amended to read:

4928. (a) Participation by a petitioner in a proceeding under this chapter before a responding tribunal, whether in person, by private attorney, or through services provided by the support enforcement agency, does not confer personal jurisdiction over the petitioner in another proceeding.

(b) A petitioner is not amenable to service of civil process while physically present in this state to participate in a proceeding under this chapter.

(c) The immunity granted by this section does not extend to civil litigation based on acts unrelated to a proceeding under this chapter committed by a party while present in this state to participate in the proceeding.

SEC. 24. Section 4930 of the Family Code is amended to read:

4930. (a) The physical presence of a nonresident party who is an individual in a tribunal of this state is not required for the establishment, enforcement, or modification of a support order or the rendition of a judgment determining parentage.

(b) An affidavit, a document substantially complying with federally mandated forms, or a document incorporated by reference in any of them, that would not be excluded under the hearsay rule if given in person, is admissible in evidence if given under penalty of perjury by a party or witness residing in another state.

(c) A copy of the record of child support payments certified as a true copy of the original by the custodian of the record may be forwarded to a responding tribunal. The copy is evidence of facts asserted in it, and is admissible to show whether payments were made.

(d) Copies of bills for testing for parentage, and for prenatal and postnatal health care of the mother and child, furnished to the adverse party at least 10 days before trial, are admissible in evidence to prove the

amount of the charges billed and that the charges were reasonable, necessary, and customary.

(e) Documentary evidence transmitted from another state to a tribunal of this state by telephone, telecopier, or other means that do not provide an original record may not be excluded from evidence on an objection based on the means of transmission.

(f) In a proceeding under this chapter, a tribunal of this state shall permit a party or witness residing in another state to be deposed or to testify by telephone, audiovisual means, or other electronic means at a designated tribunal or other location in that state. A tribunal of this state shall cooperate with tribunals of other states in designating an appropriate location for the deposition or testimony.

(g) If a party called to testify at a civil hearing refuses to answer on the ground that the testimony may be self-incriminating, the trier of fact may draw an adverse inference from the refusal.

(h) A privilege against disclosure of communications between spouses does not apply in a proceeding under this chapter.

(i) The defense of immunity based on the relationship of husband and wife or parent and child does not apply in a proceeding under this chapter.

(j) A voluntary acknowledgment of paternity, certified as a true copy, is admissible to establish parentage of the child.

SEC. 25. Section 4931 of the Family Code is amended to read:

4931. A tribunal of this state may communicate with a tribunal of another state or foreign country or political subdivision in a record, or by telephone or other means, to obtain information concerning the laws, the legal effect of a judgment, decree, or order of that tribunal, and the status of a proceeding in the other state or foreign country or political subdivision. A tribunal of this state may furnish similar information by similar means to a tribunal of another state or foreign country or political subdivision.

SEC. 26. Section 4933 of the Family Code is amended to read:

4933. (a) A support enforcement agency or tribunal of this state shall disburse promptly any amounts received pursuant to a support order, as directed by the order. The agency or tribunal shall furnish to a requesting party or tribunal of another state a certified statement by the custodian of the record of the amounts and dates of all payments received.

(b) If neither the obligor, nor the obligee who is an individual, nor the child resides in this state, upon request from the support enforcement agency of this state or another state, the support enforcement agency of this state or a tribunal of this state shall direct that the support payment be made to the support enforcement agency in the state in which the obligee is receiving services, and shall issue and send to the obligor's



employer a conforming income-withholding order or an administrative notice of change of payee, reflecting the redirected payments.

(c) The support enforcement agency of this state receiving redirected payments from another state pursuant to a law similar to subdivision (b) shall furnish to a requesting party or tribunal of the other state a certified statement by the custodian of the record of the amount and dates of all payments received.

SEC. 27. Section 4935 of the Family Code is amended to read:

4935. (a) If a support order entitled to recognition under this chapter has not been issued, a responding tribunal of this state may issue a support order if either of the following conditions apply:

(1) The individual seeking the order resides in another state.

(2) The support enforcement agency seeking the order is located in another state.

(b) The tribunal may issue a temporary child support order if the tribunal determines that the order is appropriate and the individual ordered to pay is one of the following:

(1) A presumed father of the child.

(2) Petitioning to have his paternity adjudicated.

(3) Identified as the father of the child through genetic testing.

(4) An alleged father who has declined to submit to genetic testing.

(5) Shown by clear and convincing evidence to be the father of the child.

(6) An acknowledged father as provided by applicable state law.

(7) The mother of the child.

(8) An individual who has been ordered to pay child support in a previous proceeding and the order has not been reversed or vacated.

(c) Upon finding, after notice and opportunity to be heard, that an obligor owes a duty of support, the tribunal shall issue a support order directed to the obligor and may issue other orders pursuant to Section 4919.

SEC. 28. Section 4940 of the Family Code is amended to read:

4940. An income-withholding order issued in another state may be sent by or on behalf of the obligee, or by the support enforcement agency, to the person defined as the obligor's employer pursuant to Section 5210 without first filing a petition or comparable pleading or registering the order with a tribunal of this state.

SEC. 29. Section 4941 of the Family Code is amended to read:

4941. (a) Upon receipt of an income-withholding order, the obligor's employer shall immediately provide a copy of the order to the obligor.

(b) The employer shall treat an income-withholding order issued in another state which appears regular on its face as if it had been issued by a tribunal of this state.



(c) Except as otherwise provided in subdivision (d) and Section 4942, the employer shall withhold and distribute the funds as directed in the withholding order by complying with terms of the order which specify any of the following:

(1) The duration and the amount of periodic payments of current child support, stated as a sum certain.

(2) The person designated to receive payments and the address to which the payments are to be forwarded.

(3) Medical support, whether in the form of periodic cash payment, stated as a sum certain, or ordering the obligor to provide health insurance coverage for the child under a policy available through the obligor's employment.

(4) The amount of periodic payments of fees and costs for a support enforcement agency, the issuing tribunal, and the obligee's attorney, stated as sums certain.

(5) The amount of periodic payments of arrearages and interest on arrearages, stated as sums certain.

(d) An employer shall comply with the law of the state of the obligor's principal place of employment for withholding from income with respect to any of the following:

(1) The employer's fee for processing an income-withholding order.

(2) The maximum amount permitted to be withheld from the obligor's income.

(3) The times within which the employer must implement the withholding order and forward the child support payment.

SEC. 30. Section 4942 of the Family Code is amended to read:

4942. If an obligor's employer receives two or more income-withholding orders with respect to the earnings of the same obligor, the employer satisfies the terms of the orders if the employer complies with the law of the state of the obligor's principal place of employment to establish the priorities for withholding and allocating income withheld for two or more child support obligees.

SEC. 31. Section 4945 of the Family Code is amended to read:

4945. (a) An obligor may contest the validity or enforcement of an income-withholding order issued in another state and received directly by an employer in this state by registering the order in a tribunal of this state and filing a contest to that order as provided in Article 6 (commencing with Section 4950), or otherwise contesting the order in the same manner as if the order had been issued by a tribunal of this state.

(b) The obligor shall give notice of the contest to all of the following:

(1) A support enforcement agency providing services to the obligee.

(2) Each employer that has directly received an income-withholding order relating to the obligor.

(3) The person designated to receive payments in the income-withholding order or, if no person is designated, to the obligee.

SEC. 32. Section 4946 of the Family Code is amended to read:

4946. (a) A party or support enforcement agency seeking to enforce a support order or an income-withholding order, or both, issued by a tribunal of another state may send the documents required for registering the order to a support enforcement agency of this state.

(b) Upon receipt of the documents, the support enforcement agency, without initially seeking to register the order, shall consider and, if appropriate, use any administrative procedure authorized by the law of this state to enforce a support order or an income-withholding order, or both. If the obligor does not contest administrative enforcement, the order need not be registered. If the obligor contests the validity or administrative enforcement of the order, the support enforcement agency shall register the order pursuant to this chapter.

SEC. 33. Section 4950 of the Family Code is amended to read:

4950. A support order or income-withholding order issued by a tribunal of another state may be registered in this state for enforcement.

SEC. 34. Section 4951 of the Family Code is amended to read:

4951. (a) A support order or income-withholding order of another state may be registered in this state by sending the following records and information to the appropriate tribunal in this state:

(1) A letter of transmittal to the tribunal requesting registration and enforcement.

(2) Two copies, including one certified copy, of the order to be registered, including any modification of the order.

(3) A sworn statement by the person requesting registration or a certified statement by the custodian of the records showing the amount of any arrearage.

(4) The name of the obligor and, if known:

(A) The obligor's address and social security number;

(B) The name and address of the obligor's employer and any other source of income of the obligor; and

(C) A description and the location of property of the obligor in this state not exempt from execution.

(5) Except as provided in Section 4926, the name and address of the obligee and, if applicable, the person to whom support payments are to be remitted.

(b) On receipt of a request for registration, the registering tribunal shall cause the order to be filed as a foreign judgment, together with one copy of the documents and information, regardless of their form.

(c) A petition or comparable pleading seeking a remedy that must be affirmatively sought under other law of this state may be filed at the same

time as the request for registration or later. The pleading shall specify the grounds for the remedy sought.

(d) If two or more orders are in effect, the person requesting registration shall do all of the following:

(1) Furnish to the tribunal a copy of every support order asserted to be in effect in addition to the documents specified in this section.

(2) Specify the order alleged to be the controlling order, if any.

(3) Specify the amount of consolidated arrearages, if any.

(e) A request for a determination of which is the controlling order may be filed separately or with a request for registration and enforcement or for registration and modification. The person requesting registration shall give notice of the request to each party whose rights may be affected by the determination.

SEC. 35. Section 4953 of the Family Code is amended to read:

4953. (a) Except as otherwise provided in subdivision (d), the law of the issuing state governs the nature, extent, amount, and duration of current payments under a registered support order, the computation and payment of arrearages and accrual of interest on the arrearages under the support order, and the existence and satisfaction of other obligations under the support order.

(b) In a proceeding for arrearages under a registered support order, the statute of limitation of this state or of the issuing state, whichever is longer, applies.

(c) A responding tribunal of this state shall apply the procedures and remedies of this state to enforce current support and collect arrearages and interest due on a support order of another state registered in this state.

(d) After a tribunal of this or another state determines which is the controlling order and issues an order consolidating arrearages, if any, a tribunal of this state shall prospectively apply the law of the state issuing the controlling order, including its law on interest on arrearages, on current and future support, and on consolidated arrearages.

SEC. 36. Section 4954 of the Family Code is amended to read:

4954. (a) When a support order or income-withholding order issued in another state is registered, the registering tribunal shall notify the nonregistering party. The notice shall be accompanied by a copy of the registered order and the documents and relevant information accompanying the order.

(b) A notice shall inform the nonregistering party:

(1) That a registered order is enforceable as of the date of registration in the same manner as an order issued by a tribunal of this state;

(2) That a hearing to contest the validity or enforcement of the registered order must be requested within 20 days after notice;

(3) That failure to contest the validity or enforcement of the registered order in a timely manner will result in confirmation of the order and

enforcement of the order and the alleged arrearages and precludes further contest of that order with respect to any matter that could have been asserted; and

(4) Of the amount of any alleged arrearages.

(c) If the registering party asserts that two or more orders are in effect, a notice shall also do all of the following:

(1) Identify the two or more orders and the order alleged by the registering person to be the controlling order and the consolidated arrears, if any.

(2) Notify the nonregistering party of the right to a determination of which is the controlling order.

(3) State that the procedures provided in subdivision (b) apply to the determination of which is the controlling order.

(4) State that failure to contest the validity or enforcement of the order alleged to be the controlling order in a timely manner may result in confirmation that the order is the controlling order.

(d) Upon registration of an income-withholding order for enforcement, the registering tribunal shall notify the obligor's employer pursuant to Chapter 8 (commencing with Section 5200).

SEC. 37. Section 4956 of the Family Code is amended to read:

4956. (a) A party contesting the validity or enforcement of a registered order or seeking to vacate the registration has the burden of proving one or more of the following defenses:

(1) The issuing tribunal lacked personal jurisdiction over the contesting party.

(2) The order was obtained by fraud.

(3) The order has been vacated, suspended, or modified by a later order.

(4) The issuing tribunal has stayed the order pending appeal.

(5) There is a defense under the law of this state to the remedy sought.

(6) Full or partial payment has been made.

(7) The statute of limitation under Section 4953 precludes enforcement of some or all of the alleged arrearages.

(8) The alleged controlling order is not the controlling order.

(b) If a party presents evidence establishing a full or partial defense under subdivision (a), a tribunal may stay enforcement of the registered order, continue the proceeding to permit production of additional relevant evidence, and issue other appropriate orders. An uncontested portion of the registered order may be enforced by all remedies available under the law of this state.

(c) If the contesting party does not establish a defense under subdivision (a) to the validity or enforcement of the order, the registering tribunal shall issue an order confirming the order.

SEC. 38. Section 4959 of the Family Code is amended to read:

4959. A tribunal of this state may enforce a child support order of another state registered for purposes of modification, in the same manner as if the order had been issued by a tribunal of this state, but the registered order may be modified only if the requirements of Section 4960, 4962, or 4964 have been met.

SEC. 39. Section 4960 of the Family Code is amended to read:

4960. (a) If Section 4962 does not apply, except as otherwise provided in Section 4964, upon petition a tribunal of this state may modify a child support order issued in another state that is registered in this state if, after notice and hearing, the tribunal finds that either paragraph (1) or paragraph (2) applies:

(1) The following requirements are met:

(A) Neither the child, nor the obligee who is an individual, nor the obligor resides in the issuing state.

(B) A petitioner who is a nonresident of this state seeks modification.

(C) The respondent is subject to the personal jurisdiction of the tribunal of this state.

(2) This state is the state of residence of the child, or a party who is an individual, is subject to the personal jurisdiction of the tribunal of this state and all of the parties who are individuals have filed consents in a record in the issuing tribunal for a tribunal of this state to modify the support order and assume continuing, exclusive jurisdiction.

(b) Modification of a registered child support order is subject to the same requirements, procedures, and defenses that apply to the modification of an order issued by a tribunal of this state and the order may be enforced and satisfied in the same manner.

(c) Except as otherwise provided in Section 4964, a tribunal of this state may not modify any aspect of a child support order that may not be modified under the law of the issuing state including the duration of the obligation of support. If two or more tribunals have issued child support orders for the same obligor and same child, the order that controls and shall be so recognized under Section 4911 establishes the aspects of the support order which are nonmodifiable.

(d) In a proceeding to modify a child support order, the law of the state that is determined to have issued the initial controlling order governs the duration of the obligation of support. The obligor's fulfillment of the duty of support established by that order precludes imposition of a further obligation of support by a tribunal of this state.

(e) On issuance of an order modifying a child support order issued in another state, a tribunal of this state becomes the tribunal having continuing, exclusive jurisdiction.

SEC. 40. Section 4961 of the Family Code is amended to read:

4961. If a child support order issued by a tribunal of this state is modified by a tribunal of another state which assumed jurisdiction

pursuant to the Uniform Interstate Family Support Act, a tribunal of this state may enforce its order that was modified only as to arrears and interest accruing before the modification, may provide other appropriate relief for violations of its order which occurred before the effective date of the modification, and shall recognize the modifying order of the other state, upon registration, for the purpose of enforcement.

SEC. 41. Section 4964 is added to the Family Code, to read:

4964. (a) If a foreign country or political subdivision that is a state will not or may not modify its order pursuant to its laws, a tribunal of this state may assume jurisdiction to modify the child support order and bind all individuals subject to the personal jurisdiction of the tribunal whether or not the consent to modification of a child support order otherwise required of the individual pursuant to Section 4960 has been given or whether the individual seeking modification is a resident of this state or of the foreign country or political subdivision.

(b) An order issued pursuant to this section is the controlling order.

SEC. 42. Section 4965 of the Family Code is amended to read:

4965. A court of this state authorized to determine parentage of a child may serve as a responding tribunal in a proceeding to determine parentage brought under this chapter or a law or procedure substantially similar to this chapter.

SEC. 43. Section 4970 of the Family Code is amended to read:

4970. (a) For purposes of this article, "Governor" includes an individual performing the functions of Governor or the executive authority of a state covered by this chapter.

(b) The Governor of this state may:

(1) Demand that the Governor of another state surrender an individual found in the other state who is charged criminally in this state with having failed to provide for the support of an obligee; or

(2) On the demand of the Governor of another state, surrender an individual found in this state who is charged criminally in the other state with having failed to provide for the support of an obligee.

(c) A provision for extradition of individuals not inconsistent with this chapter applies to the demand even if the individual whose surrender is demanded was not in the demanding state when the crime was allegedly committed and has not fled therefrom.

SEC. 44. Section 4971 of the Family Code is amended to read:

4971. (a) Before making a demand that the Governor of another state surrender an individual charged criminally in this state with having failed to provide for the support of an obligee, the Governor of this state may require a prosecutor of this state to demonstrate that at least 60 days previously the obligee had initiated proceedings for support pursuant to this chapter or that the proceeding would be of no avail.

(b) If, under this chapter or a law substantially similar to this chapter, the Governor of another state makes a demand that the Governor of this state surrender an individual charged criminally in that state with having failed to provide for the support of a child or other individual to whom a duty of support is owed, the Governor may require a prosecutor to investigate the demand and report whether a proceeding for support has been initiated or would be effective. If it appears that a proceeding would be effective but has not been initiated, the Governor may delay honoring the demand for a reasonable time to permit the initiation of a proceeding.

(c) If a proceeding for support has been initiated and the individual whose rendition is demanded prevails, the Governor may decline to honor the demand. If the petitioner prevails and the individual whose rendition is demanded is subject to a support order, the Governor may decline to honor the demand if the individual is complying with the support order.

SEC. 45. Section 4975 of the Family Code is amended to read:

4975. In applying and construing this uniform act, consideration shall be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it.

SEC. 46. Notwithstanding Section 17610 of the Government Code, 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. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

SEC. 47. This act shall become operative upon at least one of the following two events taking place, whichever occurs first, but in no event prior to July 1, 2004:

(a) The amendment by Congress of subdivision (f) of 42 U.S.C. Sec. 666 to statutorily require or authorize, in connection with the approval of state plans for purposes of federal funding, the adoption of the Uniform Interstate Family Support Act as promulgated by the National Conference of Commissioners on Uniform State Laws in 2001.

(b) The approval, either generally or with specific application to California, by the federal office of Child Support Enforcement or by the Secretary of Health and Human Services, of a waiver, exemption, finding, or other indicia of regulatory approval of the Uniform Interstate Family Support Act, as promulgated by the National Conference of Commissioners on Uniform State Laws in 2001, in connection with the approval of state plans for purposes of federal funding.

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## CHAPTER 350

An act to amend Section 1596.95 of the Health and Safety Code, and to amend Sections 4503, 13600, and 13601 of, and to repeal Sections 4402 and 4403 of, the Welfare and Institutions Code, relating to human services.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 1596.95 of the Health and Safety Code is amended to read:

1596.95. Any person desiring issuance of a license for a day care center or a special permit for specialized services in a day care center under this chapter shall file with the department pursuant to regulations, an application on forms furnished by the department, which shall include, but not be limited to, all of the following:

(a) Evidence satisfactory to the department of the ability of the applicant to comply with this act and rules and regulations adopted pursuant to this act by the department.

(b) Evidence satisfactory to the department that the applicant is a reputable and responsible character. This evidence shall include, but not be limited to, a criminal record clearance pursuant to Section 1596.871, employment history, and character references. If the applicant is a firm, association, organization, partnership, business trust, corporation, or company, evidence of reputable and responsible character shall be submitted as to the members or shareholders thereof, and the person in charge of the day care center for which application for issuance of license or special permit is made.

(c) Evidence satisfactory to the department that the applicant has sufficient financial resources to maintain the standards of service required by regulations adopted pursuant to this act. The information shall be required only upon initial application for licensure, and when requested by the department, in writing, explaining the need for the evidence as part of the department's investigative function.

(d) Disclosure of the applicant's prior or present service as an administrator, general partner, corporate officer, or director of, or as a person who has held or holds a beneficial ownership of 10 percent or more in any child day care facility or in any facility licensed pursuant to Chapter 1 (commencing with Section 1200), 2 (commencing with Section 1250), or 3 (commencing with Section 1500).

(e) Disclosure of any revocation or other disciplinary action taken, or in the process of being taken, against a license held or previously held by the entities specified in subdivision (d).

(f) Evidence satisfactory to the department that there is a fire escape and disaster plan for the facility and that fire drills and disaster drills will be conducted at least once every six months. The documentation of these drills shall be maintained at the facility on a form prepared by the department and shall include the date and time of the drills.

(g) Evidence satisfactory to the department that the applicant has posted signs at the point of entry to the facility that provide the telephone number of the local health department and state all of the following:

(1) Protect your child—it is the law.

(2) All the information specified in Sections 27360 and 27360.5 of the Vehicle Code regarding child passenger restraint systems.

(3) Call your local health department for more information.

(h) Any other information as may be required by the department for the proper administration and enforcement of this act.

(i) Failure of the applicant to cooperate with the licensing agency in the completion of the application shall result in the denial of the application. Failure to cooperate means that the information described in this section and in regulations of the department has not been provided, or not provided in the form requested by the licensing agency, or both.

SEC. 2. Section 4402 of the Welfare and Institutions Code is repealed.

SEC. 3. Section 4403 of the Welfare and Institutions Code is repealed.

SEC. 4. Section 4503 of the Welfare and Institutions Code is amended to read:

4503. Each person with developmental disabilities who has been admitted or committed to a state hospital, community care facility as defined in Section 1502 of the Health and Safety Code, or a health facility as defined in Section 1250 of the Health and Safety Code shall have the following rights, a list of which shall be prominently posted in English, Spanish, and other appropriate languages, in all facilities providing those services and otherwise brought to his or her attention by any additional means as the Director of Developmental Services may designate by regulation:

(a) To wear his or her own clothes, to keep and use his or her own personal possessions including his or her toilet articles, and to keep and be allowed to spend a reasonable sum of his or her own money for canteen expenses and small purchases.

(b) To have access to individual storage space for his or her private use.

- (c) To see visitors each day.
- (d) To have reasonable access to telephones, both to make and receive confidential calls.
- (e) To have ready access to letterwriting materials, including stamps, and to mail and receive unopened correspondence.
- (f) To refuse electroconvulsive therapy.
- (g) To refuse behavior modification techniques which cause pain or trauma.
- (h) To refuse psychosurgery notwithstanding the provisions of Section 5325, 5326, and 5326.3. Psychosurgery means those operations currently referred to as lobotomy, psychiatric surgery, and behavioral surgery and all other forms of brain surgery if the surgery is performed for any of the following purposes:
  - (1) Modification or control of thoughts, feelings, actions, or behavior rather than the treatment of a known and diagnosed physical disease of the brain.
  - (2) Modification of normal brain function or normal brain tissue in order to control thoughts, feelings, action, or behavior.
  - (3) Treatment of abnormal brain function or abnormal brain tissue in order to modify thoughts, feelings, actions, or behavior when the abnormality is not an established cause for those thoughts, feelings, action, or behavior.
  - (i) To make choices in areas including, but not limited to, his or her daily living routines, choice of companions, leisure and social activities, and program planning and implementation.
  - (j) Other rights, as specified by regulation.

SEC. 5. Section 13600 of the Welfare and Institutions Code is amended to read:

13600. (a) The State Department of Social Services may provide state supplemental grants to meet disaster-related necessary expenses or serious needs of individuals and households adversely affected by any disaster declared by the President of the United States in those cases where individuals and households are unable to meet those expenses or needs through assistance under Section 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (P.L. 93-288, as amended by P.L. 106-390 (42 U.S.C. Sec. 5174)), or from other sources.

(b) Grants shall only be made to individuals and households determined to be eligible for the federal assistance to individuals and households program under Section 5174 of Title 42 of the United States Code and who still have unmet serious needs and have suffered losses reimbursable under that program in excess of the maximum federal grant amount.

(c) The State Department of Social Services may make a grant to those individuals and households equal to the difference between the

federal grant awarded and federally eligible appraised loss, not to exceed ten thousand dollars (\$10,000) per individual or household.

(d) Application procedures established for the administration of this chapter shall conform to the procedures required in the Robert T. Stafford Disaster Relief and Emergency Assistance Act (P.L. 93-288, as amended by P.L. 106-390). The State Department of Social Services shall ensure that applicants for relief under this chapter have exhausted all other available means of seeking relief for disaster damage prior to receiving any grants pursuant to this chapter.

(e) Application procedures utilized in the administration of this chapter shall be subject to the following criteria:

(1) All applications, forms, and other written materials presented to persons seeking assistance shall be available in English and in the same language as that used by the major non-English-speaking group within the disaster area.

(2) Bilingual staff who reflect the demographics of the disaster area shall be available to applicants.

SEC. 6. Section 13601 of the Welfare and Institutions Code is amended to read:

13601. There is hereby created in the State Treasury the California Individual and Family Supplemental Grant Fund. Moneys in the fund shall be available to pay claims from individuals and families for losses or damages occurring during the incident period of a Presidential disaster declaration for individual assistance. Any moneys appropriated to the fund by the Legislature shall be allocated to the State Department of Social Services to provide supplemental individual and family grant assistance for unmet needs. The funds shall not be used to fulfill matching fund requirements for federal disaster assistance, but shall be used to supplement the federal assistance to individuals and households program under Section 5174 of Title 42 of the United States Code. Notwithstanding Section 13340 of the Government Code, moneys in this fund are continuously appropriated, without regard to fiscal years, for the purpose of making grants pursuant to this chapter.

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## CHAPTER 351

An act to amend Sections 127280, 128736, 128737, 129075, 129085, 129174, 129680, 129725, 129785, and 129905 of, and to repeal Section 129845 of, the Health and Safety Code, relating to health facilities.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 127280 of the Health and Safety Code is amended to read:

127280. (a) Every health facility licensed pursuant to Chapter 2 (commencing with Section 1250) of Division 2, except a health facility owned and operated by the state, shall each year be charged a fee established by the office consistent with the requirements of this section.

(b) Commencing in calendar year 2004, every freestanding ambulatory surgery clinic as defined in Section 128700, shall each year be charged a fee established by the office consistent with the requirements of this section.

(c) The fee structure shall be established each year by the office to produce revenues equal to the appropriation made in the annual Budget Act or another statute to pay for the functions required to be performed by the office and the California Health Policy and Data Advisory Commission pursuant to this chapter, Article 2 (commencing with Section 127340) of Chapter 2, or Chapter 1 (commencing with Section 128675) of Part 5, and to pay for any other health-related programs administered by the office. The fee shall be due on July 1 and delinquent on July 31 of each year.

(d) The fee for a health facility that is not a hospital, as defined in subdivision (c) of Section 128700, shall be not more than 0.035 percent of the gross operating cost of the facility for the provision of health care services for its last fiscal year that ended on or before June 30 of the preceding calendar year.

(e) The fee for a hospital, as defined in subdivision (c) of Section 128700, shall be not more than 0.035 percent of the gross operating cost of the facility for the provision of health care services for its last fiscal year that ended on or before June 30 of the preceding calendar year.

(f) (1) The fee for a freestanding ambulatory surgery clinic shall be established at an amount equal to the number of ambulatory surgery data records submitted to the office pursuant to Section 128737 for encounters in the preceding calendar year multiplied by not more than fifty cents (\$0.50).

(2) (A) For the calendar year 2004 only, a freestanding ambulatory surgery clinic shall estimate the number of records it will file pursuant to Section 128737 for the calendar year 2004 and shall report that number to the office by March 12, 2004. The estimate shall be as accurate as possible. The fee in the calendar year 2004 shall be established initially at an amount equal to the estimated number of records reported multiplied by fifty cents (\$0.50) and shall be due on July 1 and delinquent on July 31, 2004.

(B) The office shall compare the actual number of records filed by each freestanding clinic for the calendar year 2004 pursuant to Section 128737 with the estimated number of records reported pursuant to subparagraph (A). If the actual number reported is less than the estimated number reported, the office shall reduce the fee of the clinic for calendar year 2005 by the amount of the difference multiplied by fifty cents (\$0.50). If the actual number reported exceeds the estimated number reported, the office shall increase the fee of the clinic for calendar year 2005 by the amount of the difference multiplied by fifty cents (\$0.50) unless the actual number reported is greater than 120 percent of the estimated number reported, in which case the office shall increase the fee of the clinic for calendar year 2005 by the amount of the difference, up to and including 120 percent of the estimated number, multiplied by fifty cents (\$0.50), and by the amount of the difference in excess of 120 percent of the estimated number multiplied by one dollar (\$1).

(g) There is hereby established the California Health Data and Planning Fund within the office for the purpose of receiving and expending fee revenues collected pursuant to this chapter.

(h) Any amounts raised by the collection of the special fees provided for by subdivisions (d), (e), and (f) that are not required to meet appropriations in the Budget Act for the current fiscal year shall remain in the California Health Data and Planning Fund and shall be available to the office and the commission in succeeding years when appropriated by the Legislature in the annual Budget Act or another statute, for expenditure under the provisions of this chapter, Article 2 (commencing with Section 127340) of Chapter 2, and Chapter 1 (commencing with Section 128675) of Part 5, or for any other health-related programs administered by the office, and shall reduce the amount of the special fees that the office is authorized to establish and charge.

(i) (1) No health facility liable for the payment of fees required by this section shall be issued a license or have an existing license renewed unless the fees are paid. A new, previously unlicensed, health facility shall be charged a pro rata fee to be established by the office during the first year of operation.

(2) The license of any health facility, against which the fees required by this section are charged, shall be revoked, after notice and hearing, if it is determined by the office that the fees required were not paid within the time prescribed by subdivision (c).

(j) This section shall become operative on January 1, 2002.

SEC. 2. Section 128736 of the Health and Safety Code is amended to read:

128736. (a) Each hospital shall file an Emergency Care Data Record for each patient encounter in a hospital emergency department. The Emergency Care Data Record shall include all of the following:

- (1) Date of birth.
- (2) Sex.
- (3) Race.
- (4) Ethnicity.
- (5) Principal language spoken.
- (6) ZIP Code.
- (7) Patient social security number, if it is contained in the patient's medical record.
- (8) Service date.
- (9) Principal diagnosis.
- (10) Other diagnoses.
- (11) Principal external cause of injury.
- (12) Other external cause of injury.
- (13) Principal procedure.
- (14) Other procedures.
- (15) Disposition of patient.
- (16) Expected source of payment.
- (17) Elements added pursuant to Section 128738.

(b) It is the expressed intent of the Legislature that the patient's rights of confidentiality shall not be violated in any manner. Patient social security numbers and any other data elements that the office believes could be used to determine the identity of an individual patient shall be exempt from the disclosure requirements of the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code).

(c) No person reporting data pursuant to this section shall be liable for damages in any action based on the use or misuse of patient-identifiable data that has been mailed or otherwise transmitted to the office pursuant to the requirements of subdivision (a).

(d) Data reporting requirements established by the office shall be consistent with national standards as applicable.

(e) This section shall become operative on January 1, 2004.

SEC. 3. Section 128737 of the Health and Safety Code is amended to read:

128737. (a) Each hospital and freestanding ambulatory surgery clinic shall file an Ambulatory Surgery Data Record for each patient encounter during which at least one ambulatory surgery procedure is performed. The Ambulatory Surgery Data Record shall include all of the following:

- (1) Date of birth.
- (2) Sex.
- (3) Race.
- (4) Ethnicity.
- (5) Principal language spoken.



- (6) ZIP Code.
- (7) Patient social security number, if it is contained in the patient's medical record.
- (8) Service date.
- (9) Principal diagnosis.
- (10) Other diagnoses.
- (11) Principal procedure.
- (12) Other procedures.
- (13) Principal external cause of injury, if known.
- (14) Other external cause of injury, if known.
- (15) Disposition of patient.
- (16) Expected source of payment.
- (17) Elements added pursuant to Section 128738.

(b) It is the expressed intent of the Legislature that the patient's rights of confidentiality shall not be violated in any manner. Patient social security numbers and any other data elements that the office believes could be used to determine the identity of an individual patient shall be exempt from the disclosure requirements of the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code).

(c) No person reporting data pursuant to this section shall be liable for damages in any action based on the use or misuse of patient-identifiable data that has been mailed or otherwise transmitted to the office pursuant to the requirements of subdivision (a).

(d) Data reporting requirements established by the office shall be consistent with national standards as applicable.

(e) This section shall become operative on January 1, 2004.

SEC. 4. Section 129075 of the Health and Safety Code is amended to read:

129075. (a) Each borrower shall provide any reports as may be required of it by Part 5 (commencing with Section 128675), from which the office shall determine the borrower's compliance with subdivision (j) of Section 129050.

(b) If a report indicates noncompliance with subdivision (j) of Section 129050, Section 129055, or Section 129065, the office shall require the borrower to submit a plan detailing the steps and timetables the borrower will take to bring the facility into compliance.

(c) The office shall annually report to the Legislature the extent of the borrowers' compliance with their community service obligations pursuant to subdivision (j) of Section 129050, Section 129055, and Section 129065.

SEC. 5. Section 129085 of the Health and Safety Code is amended to read:

129085. (a) If a borrower is unable to comply with subdivision (j) of Section 129050 due to selective provider contracting under the Medi-Cal program, and the office has determined the borrower has negotiated in good faith but was not awarded a contract, the borrower may be eligible for insurance under this chapter as provided in subdivision (b).

(b) The office may determine that a noncontracting borrower shall be considered as meeting the requirements of subdivision (j) of Section 129050 if the borrower otherwise provides a community service in accordance with regulations adopted by the office. The regulations shall describe alternative methods of meeting the obligation, that may include, but not be limited to, providing free care, charity care, trauma care, community education, or primary care outreach and care to the elderly, in amounts greater than the community average. The regulations shall include a requirement that a general acute care hospital, that is not a small and rural hospital as defined in Section 124840, shall have, and continue to maintain, a 24-hour basic emergency medical service with a physician on duty, if it provided this service on January 1, 1990. The office shall have the authority to waive this requirement upon a determination by the director that this requirement would create a hardship for the hospital, be inconsistent with regionalization of emergency medical services, or not be in the best interest of the population served by the hospital.

SEC. 6. Section 129174 of the Health and Safety Code is amended to read:

129174. (a) In the event a borrower has defaulted in making its payments on the loan insured by the office to the lender or the borrower's bond trustee, at any time thereafter, the office may do any of the following:

(1) Decease a portion or all of the bonds or may purchase a portion or all of the bonds at a private or public sale or on the open market. For this purpose, the office may use any funds available, including, but not limited to, funds in the Health Facility Construction Loan Insurance Fund, funds that the office may receive either from settlement or recoveries from lawsuits, funds from the sale of assets of the borrower, or funds held by the borrower's bond trustee. If requested by the office, the Treasurer shall purchase the bonds on behalf of the office. Upon the purchase of any bonds under this section, the office shall direct the borrower's bond trustee to cancel the bonds purchased.

(2) Issue bonds used for the sole purpose of refunding any part or all of the defaulted bonds, provided that, in the opinion of the office, there are adequate present value savings to refund all or part of the defaulted bonds. If requested by the office, the Treasurer shall act as the issuer for this purpose.

(3) Require the lender or borrower's bond trustee to accelerate the borrower's debt and the maturity dates of the bonds, if any. If the bond trustee accelerates the bond debt and maturity dates, the office shall pay from the fund to the lender or borrower's bond trustee the full amount of the remaining principal of the loan, any interest accrued and unpaid on this amount, and any costs enumerated in Section 129125.

(b) For the purposes of this section, "bonds" mean bonds, certificate of participation, notes, or other evidence of indebtedness of a loan insured by the office.

SEC. 7. Section 129680 of the Health and Safety Code is amended to read:

129680. (a) It is the intent of the Legislature that hospital buildings that house patients who have less than the capacity of normally healthy persons to protect themselves, and that must be reasonably capable of providing services to the public after a disaster, shall be designed and constructed to resist, insofar as practical, the forces generated by earthquakes, gravity, and winds. In order to accomplish this purpose, the office shall propose proper building standards for earthquake resistance based upon current knowledge, and provide an independent review of the design and construction of hospital buildings.

(b) Local jurisdictions are preempted from the enforcement of all building standards published in the California Building Standards Code relating to the regulation of hospital buildings and the enforcement of other regulations adopted pursuant to this chapter, and all other applicable state laws, including plan checking and inspection of the design and details of the architectural, structural, mechanical, plumbing, electrical, and fire and panic safety systems, and the observation of construction. The office shall assume these responsibilities.

(c) Where local jurisdictions have more restrictive requirements for the enforcement of building standards, other building regulations, and construction supervision, these requirements shall be enforced by the office.

(d) Each local jurisdiction shall keep the office advised as to the existence of any more restrictive local requirements. Where a reasonable doubt exists as to whether the requirements of the local jurisdiction are more restrictive, the effect of these requirements shall be determined by the Hospital Building Safety Board.

It is further the intent of the Legislature that the office, with the advice of the Hospital Building Safety Board, may conduct or enter into contracts for research regarding the reduction or elimination of seismic or other safety hazards in hospital buildings or research regarding hospital building standards.

SEC. 8. Section 129725 of the Health and Safety Code is amended to read:

129725. (a) (1) "Hospital building" includes any building not specified in subdivision (b) that is used, or designed to be used, for a health facility of a type required to be licensed pursuant to Chapter 2 (commencing with Section 1250) of Division 2.

(2) Except as provided in paragraph (7) of subdivision (b), hospital building includes a correctional treatment center, as defined in subdivision (j) of Section 1250, the construction of which was completed on or after March 7, 1973.

(b) "Hospital building" does not include any of the following:

(1) Any building where outpatient clinical services of a health facility licensed pursuant to Section 1250 are provided that is separated from a building in which hospital services are provided. If any one or more outpatient clinical services in the building provides services to inpatients, the building shall not be included as a "hospital building" if those services provided to inpatients represent no more than 25 percent of the total outpatient services provided at the building. Hospitals shall maintain on an ongoing basis, data on the patients receiving services in these buildings, including the number of patients seen, categorized by their inpatient or outpatient status. Hospitals shall submit this data annually to the State Department of Health Services.

(2) Any building used, or designed to be used, for a skilled nursing facility or intermediate care facility if the building is of single-story, wood-frame or light steel frame construction.

(3) Any building of single-story, wood-frame or light steel frame construction where only skilled nursing or intermediate care services are provided if the building is separated from a building housing other patients of the health facility receiving higher levels of care.

(4) Any freestanding structures of a chemical dependency recovery hospital exempted under subdivision (c) of Section 1275.2.

(5) Any building licensed to be used as an intermediate care facility/developmentally disabled habilitative with six beds or less and any intermediate care facility/developmentally disabled habilitative of 7 to 15 beds that is a single-story, wood-frame or light steel frame building.

(6) Any building subject to licensure as a correctional treatment center, as defined in subdivision (j) of Section 1250, the construction of which was completed prior to March 7, 1973.

(7) (A) Any building that meets the definition of a correctional treatment center, pursuant to subdivision (j) of Section 1250, for which the final design documents were completed or the construction of which was begun prior to January 1, 1994, operated by or to be operated by the Department of Corrections, the Department of the Youth Authority, or by a law enforcement agency of a city, county, or a city and county.

(B) In the case of reconstruction, alteration, or addition to, the facilities identified in this paragraph, and paragraph (6) or any other building subject to licensure as a general acute care hospital, acute psychiatric hospital, correctional treatment center, or nursing facility, as defined in subdivisions (a), (b), (j), and (k) of Section 1250, operated or to be operated by the Department of Corrections, the Department of the Youth Authority, or by a law enforcement agency of a city, county, or city and county, only the reconstruction, alteration, or addition, itself, and not the building as a whole, nor any other aspect thereof, shall be required to comply with this chapter or the regulations adopted pursuant thereto.

SEC. 9. Section 129785 of the Health and Safety Code is amended to read:

129785. The office shall determine an application filing fee that will cover the costs of administering this chapter. The fee shall not exceed 2 percent of the estimated construction cost. The fee shall be established in accordance with applicable procedures established in Article 5 (commencing with Section 11346) of Chapter 3.5 of Part 1 of Division 3 of Title 2 of the Government Code.

The minimum fee in any case shall be two hundred fifty dollars (\$250).

The office shall issue an annual permit upon submission, pursuant to Section 129765, of an application for a project only if its estimated construction cost is twenty-five thousand dollars (\$25,000) or less. The cost of this annual permit shall be two hundred fifty dollars (\$250) and this fee shall constitute the filing fee and shall cover all projects undertaken for a particular skilled nursing or intermediate care facility by the applicant up to an estimated construction cost of twenty-five thousand dollars (\$25,000) during the state fiscal year in which the annual permit is issued. The fees for projects over the twenty-five thousand dollar (\$25,000) limit shall be assessed at a rate established by the office in regulation. However, the rate established by the office shall not exceed 1.5 percent of the estimated construction cost for projects of skilled nursing and intermediate care facilities, as defined in subdivision (c), (d), (e), or (g) of Section 1250.

If the actual construction cost exceeds the estimated construction cost by more than 5 percent, a further fee shall be paid to the office, based on the above schedule and computed on the amount that the actual cost exceeds the amount of the estimated cost. If the estimated construction cost exceeds the actual construction cost by more than 5 percent, the office shall refund the excess portion of any paid fees, based on the above schedule and computed on the amount that the estimated cost exceeds the amount of the actual cost. A refund shall not be required if the applicant did not complete construction or alteration of 75 percent of the square footage included in the project, as contained in the approved

drawings and specifications for the project. In addition, the office shall adopt regulations specifying other circumstances when the office shall refund to an applicant all or part of any paid fees for projects submitted under this chapter. The regulations shall include, but not be limited to, refunds of paid fees for a project that is determined by the office to be exempt or otherwise not reviewable under this chapter, and for a project that is withdrawn by the applicant prior to the commencement of review by the office of the drawing and specifications submitted for the project. All refunds pursuant to this section shall be paid from the Hospital Building Account in the Architecture Public Building Fund, as established pursuant to Section 129795.

SEC. 10. Section 129845 of the Health and Safety Code is repealed.

SEC. 11. Section 129905 of the Health and Safety Code is amended to read:

129905. Subject to the complete exemption contained in paragraphs (6) and (7) of subdivision (b) of Section 129725, and notwithstanding any other provision of law, plans for the construction or alteration of any hospital building, as defined in Section 1250, or any building specified in Section 129875, that are prepared by or under the supervision of the Department of Corrections or on behalf of the Department of the Youth Authority, shall not require the review and approval of the statewide office. In lieu of review and approval by the statewide office, the Department of Corrections and the Department of the Youth Authority shall certify to the statewide office that their plans and construction are in full conformance with all applicable building standards, including, but not limited to, fire and life and safety standards, and the requirements of this chapter for the architectural, structural, mechanical, plumbing, and electrical systems. The Department of Corrections and the Department of the Youth Authority shall use a secondary peer review procedure to review designs to ensure the adherence to all design standards for all new construction projects, and shall ensure that the construction is inspected by a competent, onsite inspector to ensure the construction is in compliance with the design and plan specifications.

Subject to the complete exemption contained in paragraphs (6) and (7) of subdivision (b) of Section 129725, and notwithstanding any other provision of law, plans for the construction or alteration of any correctional treatment center that are prepared by or under the supervision of a law enforcement agency of a city, county, or city and county shall not require the review and approval of the statewide office. In lieu of review and approval by the statewide office, the law enforcement agency of a city, county, or city and county shall certify to the statewide office that the plans and construction are in full conformance with all applicable building standards, including, but not limited to, fire and life and safety standards, and the requirements of this

chapter for the architectural, structural, mechanical, plumbing, and electrical systems.

It is the intent of the Legislature that, except as specified in this section, all hospital buildings as defined by this chapter constructed by or under the supervision of the Department of Corrections or local law enforcement agencies, or constructed on behalf of the Department of the Youth Authority shall at a minimum meet all applicable regulations adopted pursuant to this chapter and all other applicable state laws.

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## CHAPTER 352

An act to amend Sections 4125, 4136, and 4340 of the Welfare and Institutions Code, relating to mental health.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 4125 of the Welfare and Institutions Code is amended to read:

4125. (a) The director may deposit any funds of any patient in the possession of each hospital administrator of a state hospital in trust with the treasurer pursuant to Section 16305.3 of the Government Code or, subject to the approval of the Department of Finance, may deposit these funds in an interest-bearing bank account or invest and reinvest these funds in any security described in Article 1 (commencing with Section 16430) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code, and for the purposes of deposit or investment only may mingle the funds of any patient with the funds of any other patient. The hospital administrator with the consent of the patient may deposit the interest or increment on the funds of a patient in the state hospital in a special fund for each state hospital, to be designated the "Benefit Fund," of which the hospital administrator shall be the trustee. He or she may, with the approval of the director, after taking into consideration the recommendations of representatives of patient government and recommendations submitted by patient groups, expend the moneys in this fund for the education or entertainment of the patients of the institution.

(b) On and after December 1, 1970:

(1) The funds of a patient in a state hospital or a patient on leave of absence from a state hospital shall not be deposited in interest-bearing



bank accounts or invested and reinvested pursuant to this section except when authorized by the patient.

(2) Any interest or increment accruing on the funds of a patient on leave of absence from a state hospital shall be deposited in his or her account.

(3) Any interest or increment accruing on the funds of a patient in a state hospital shall be deposited in his or her account, unless the patient authorizes their deposit in the state hospital's benefit fund.

(c) Any state hospital charges for patient care against the funds of a patient in the possession of a hospital administrator or deposited pursuant to this section and used to pay for that care, shall be stated in an itemized bill to the patient.

(d) No later than August 15 of each year, the director shall provide to the Legislature a summary data sheet containing information on how the benefit fund at each state hospital was expended in the previous fiscal year.

SEC. 2. Section 4136 of the Welfare and Institutions Code is amended to read:

4136. (a) Each patient in a state hospital for the mentally disordered who has resided in the state hospital for a period of at least 30 days shall be paid an amount of aid for his or her personal and incidental needs that, when added to his or her income, equals twelve dollars and fifty cents (\$12.50) per month. If a patient elects to do so, a patient may save all or any portion of his or her monthly amount of aid provided for personal and incidental needs for expenditure in subsequent months.

(b) Each indigent patient in a state hospital for the mentally disordered shall be allotted sufficient materials for one letter each week, including postage in an amount not to exceed the cost of one stamp for first-class mail for a one-ounce letter, at no cost to the patient.

(c) Each newly admitted patient, for the first 30 days after his or her initial admission, shall be allotted sufficient materials for two letters each week, including postage for first-class mail for up to two one-ounce letters per week. The hospital administrator shall ensure that additional writing materials and postage are available for purchase by patients at the store or canteen on hospital grounds.

(d) For purposes of this section, "indigent patient" means any patient whose income is no more than twelve dollars and fifty cents (\$12.50) per month.

SEC. 3. Section 4340 of the Welfare and Institutions Code is amended to read:

4340. The department shall maintain a statewide mental health prevention program directed toward a reduction in the need for utilization of the treatment system and the development and strengthening of community support and self-help networks. The

department shall support the establishment of self-help groups, which may be facilitated by an outside entity, subject to the approval of the hospital administrator, at state hospitals.

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CHAPTER 353

An act to amend Section 1596.8866 of the Health and Safety Code, relating to child care.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 1596.8866 of the Health and Safety Code is amended to read:

1596.8866. The State Department of Social Services shall reopen an investigation into a licensed child day care facility when any person provides the department with a certified copy of a court record in which a judicial officer has determined that an injury to a child may have been inflicted while in the care and custody of a day care provider.

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CHAPTER 354

An act to amend Section 16206 of the Welfare and Institutions Code, relating to children's services.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 16206 of the Welfare and Institutions Code is amended to read:

16206. (a) The purpose of the program is to develop and implement statewide coordinated training programs designed specifically to meet the needs of county child protective service social workers assigned emergency response, family maintenance, family reunification, permanent placement, and adoption responsibilities. It is the intent of the Legislature that the program include training for other agencies under contract with county welfare departments to provide child welfare services. In addition, the program shall provide training programs for

persons defined as a mandated reporter pursuant to the Child Abuse and Neglect Reporting Act, Article 2.5 (commencing with Section 11164) of Chapter 2 of Title 1 of Part 4 of the Penal Code. The program shall provide the services required in this section to the extent possible within the total allocation. If allocations are insufficient, the department, in consultation with the grantee or grantees and the Child Welfare Training Advisory Board, shall prioritize the efforts of the program, giving primary attention to the most urgently needed services. However, county child protective service social workers assigned emergency response responsibilities shall receive first priority for training pursuant to this act.

(b) The training program shall provide practice-relevant training for mandated child abuse reporters and all members of the child welfare delivery system that will address critical issues affecting the well-being of children, and shall develop curriculum materials and training resources for use in meeting staff development needs of mandated child abuse reporters and child welfare personnel in public and private agency settings.

(c) The training provided pursuant to this section shall include all of the following:

- (1) Crisis intervention.
- (2) Investigative techniques.
- (3) Rules of evidence.
- (4) Indicators of abuse and neglect.
- (5) Assessment criteria, including the application of guidelines for assessment of relatives for placement according to the criteria described in Section 361.3.
- (6) Intervention strategies.
- (7) Legal requirements of child protection, including requirements of child abuse reporting laws.
- (8) Case management.
- (9) Use of community resources.
- (10) Information regarding the dynamics and effects of domestic violence upon families and children, including indicators and dynamics of teen dating violence.
- (11) Post traumatic stress disorder and the causes, symptoms, and treatment of post traumatic stress disorder in children.

(d) The training provided pursuant to this section may also include any or all of the following:

- (1) Child development and parenting.
- (2) Intake, interviewing, and initial assessment.
- (3) Casework and treatment.
- (4) Medical aspects of child abuse and neglect.

(e) Prior to January 1, 1989, the department shall provide the Legislative Analyst and the Select Committee on Children and Youth with a listing of the counties participating in the program, including the number of persons trained in each county.

(f) The training program shall assess the program's performance at least annually and forward it to the State Department of Social Services for an evaluation and report to the Legislative Analyst. The first report shall be forwarded to the Legislative Analyst no later than January 1, 1990, and on the first of January in any subsequent years. The assessment shall include at minimum the following:

- (1) The number of persons trained.
- (2) The type of training provided.
- (3) The degree to which the training is perceived by participants as useful in practice.

(g) The training program shall provide practice-relevant training to county child protective service social workers who screen referrals for child abuse or neglect and for all workers assigned to provide emergency response, family maintenance, family reunification, and permanent placement services. The training shall be developed in consultation with the Child Welfare Training Advisory Board and domestic violence victims' advocates and other public and private agencies that provide programs for victims of domestic violence or programs of intervention for perpetrators.

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## CHAPTER 355

An act to add Chapter 3 (commencing with Section 2100) to Division 2.5 of the Welfare and Institutions Code, relating to youth.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Chapter 3 (commencing with Section 2100) is added to Division 2.5 of the Welfare and Institutions Code, to read:

### CHAPTER 3. GOVERNOR'S MENTORING PARTNERSHIP

2100. (a) The Legislature finds and declares that California's children are growing up under conditions of great stress that are resulting in devastating effects on their development and well-being. Structural changes in society, including the breakdown in the traditional family and

erosion of neighborhood community support networks, have taken a toll on their welfare, self-esteem, and academic achievement. While youth struggle with many difficulties, four risk factors stand out: academic failure, substance abuse, involvement in the criminal justice system, and teen pregnancy. To address these challenges, the State of California recognizes quality mentoring as a critical prevention strategy, not as a panacea for the aforementioned problems, but as a cost-effective method of assisting today's youth to become productive, contributing members of society, and as an important source of data for improving the quality of all relationships between youth and adults. Research finds that without the caring support, counsel, and role modeling of more experienced individuals or exposure to natural support networks, young people are much more vulnerable to the destructive forces of apathy, abuse, and neglect. As we acknowledge the increasing numbers of children who do not have the benefit of positive relationships, there has been an increasing recognition of the value of mentoring, an activity that connects a caring and more experienced person with a young person who is in need of attention and support. As a means of maximizing public resources, mentoring is both efficient and effective, relying on volunteers as the core service providers to create collateral improvements in the lives of youth. The public investment in the prevention strategy of mentoring has inspired significant private support at the local level. Mentoring principles may also be used to create mentor-rich environments wherever youth and adults interact on a regular basis, thereby effectively expanding the world of positive adult contacts for youth in their natural environments.

(b) The complexities of supporting mentoring organizations and promoting the formation of positive developmental relationships wherever young people and adults interact requires the coordinated and sustained support of many private and public sector organizations to ensure that their services are available to all young persons who wish to have a mentor. To meet the needs of each young person, mentor services should be available in communities throughout California and mentor-rich environments should be created wherever young people and adults interact on a regular basis. Mentor programs should be culturally and linguistically competent and should embrace the rich diversity of the state. It is the intent of the Legislature and the purpose of this chapter to foster a partnership between the public and private sector for the long-term support of quality mentor programs and mentor-rich environments in which young people can interact on a regular basis with an array of caring adults.

(c) Mentoring California's youth has been carried on by thousands of dedicated volunteers through local mentor organizations and with the very significant contributions of the business community in both time

and money. State and local government agencies also operate mentor programs. However, the need far outweighs the current resources. The valuable potential services of many caring adults and older youth continue to go untapped while the waiting list of children in need continues to grow, and distant youth-adult relationships continue to exist where developmental youth-adult relationships could flourish.

2102. It is the goal of the Legislature in enacting this chapter to do all of the following:

(a) To give every young person in California access to a quality mentoring relationship. This shall be accomplished by sustaining or growing the state's resources under the auspices of the Governor's Mentoring Partnership, to the extent those resources are available. The Legislature recognizes the efforts of state departments who have supported local mentor programs under the Governor's Mentoring Partnership, including the State Department of Alcohol and Drug Programs, the California Conservation Corps, the Department of the Youth Authority, the Governor's Office on Service and Volunteerism, the Department of Community Services and Development, the State Department of Education, the State Department of Health Services, the Department of Justice, the Office of the Secretary for Education, and the Office of Criminal Justice Planning. This base of support shall be sustained or increased predicated upon the performance outcomes in successfully addressing the four risk factors, and in ensuring that youth are problem free, and fully prepared for the responsibilities and challenges of adulthood.

(b) To direct consideration towards identifying opportunities for increased private sector investment in the support and expansion of mentoring.

(c) To encourage state agencies and departments to collaborate to build youth developmental assets.

2104. For purposes of this chapter, the following definitions apply:

(a) "At-risk youth" means an individual under 21 years of age whose environment increases their chance of academic failure, alcohol and other drug use, involvement in the criminal justice system, or teen pregnancy.

(b) "Mentoring" means a relationship over a period of time in which caring and concerned adults and older youth provide support, guidance, and help to younger at-risk persons as they go through life.

(c) "Mentor-rich environments" are environments that create many opportunities for young people to interact with an array of caring adults and where youth feel respected, connected, and affirmed.

2106. It is the intent of the Legislature that all youth mentoring programs shall be afforded all of the following:

(a) The adoption of quality assurance standards by school- and community-based mentor programs.

(b) The provision of mentor program technical assistance.

(c) The provision of technical assistance to any organization that wishes to improve youth-adult relationships.

(d) The provision of a mentor program clearinghouse and library service.

(e) The preparation and periodic updating of a statewide directory of mentor program services.

(f) The provision of mentor program referrals to the general public.

(g) The coordination of the state employee mentor recruitment campaign.

(h) The development of a coordinated and coherent reporting form and requirements.

(i) (1) In order to obtain funding appropriated by the Legislature, mentor programs shall have adopted the California Mentor Initiative Quality Assurance Standards and shall provide data regarding mentee outcomes as requested by the state funding agencies consistent with subdivision (h).

(2) Adopted in 1997, the Quality Assurance Standards can be found in the State Department of Alcohol and Drug Programs Publication Number 99-1121. The requirements of these standards are summarized as follows:

(A) A statement of purpose and a long-range plan.

(B) A recruitment plan for both mentors and mentees.

(C) An orientation for mentors and mentees.

(D) Eligibility screening for mentors and mentees.

(E) A readiness and training curriculum for all mentors and mentees.

(F) A strategy that matches the provider program's purpose.

(G) A monitoring program that includes ongoing assessment.

(H) A support, recognition, and retention component, including ongoing peer support, training, and development.

(I) Closure steps that include confidential exit interviews.

(J) An evaluation process based on an outcome analysis of the mentor program, program criteria, and statement of purpose.

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## CHAPTER 356

An act to amend Section 1300 of, and to add Section 1260.3 to, the Business and Professions Code, relating to healing arts, and declaring the urgency thereof, to take effect immediately.



[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. It is the intent of the Legislature, in enacting this act, to begin to address the critical laboratory personnel shortage in California. The Legislature further finds and declares the following:

(a) Between 70 percent and 85 percent of all physician diagnosis and treatment decisions are based upon clinical laboratory test results.

(b) California faces a shortage of over 7,000 laboratory personnel over the next 10 years.

(c) Current California training programs supply fewer than 100 new laboratory staff persons per year.

(d) There is a lack of public understanding of clinical laboratory science and a need for better educational counseling of potential laboratory personnel.

(e) The absence of qualified persons conducting clinical laboratory tests would have life or death consequences for the public.

(f) The demand for clinical laboratory services is real and growing with the aging of our population. At the same time, a majority of the qualified clinical laboratory personnel in the state are reaching retirement age.

(g) The shortage of personnel in the clinical laboratory profession necessitates the development of a career ladder to develop a supply of personnel to the clinical laboratory field.

In light of the above findings, the Legislature recognizes that creation of the medical laboratory technician category is a small but necessary step to address the severe clinical laboratory personnel shortages in California.

SEC. 2. Section 1260.3 is added to the Business and Professions Code, to read:

1260.3. (a) The department shall issue a medical laboratory technician license to each person who meets the following requirements:

(1) Has met the requirements of this chapter and any reasonable qualifications established by regulations of the department, including, but not limited to, any of the following:

(A) Lawfully holds an associate degree or an equivalent or higher degree in chemical, physical, biological, or clinical laboratory science, which includes a minimum of 36 semester units of physical or biological sciences.

(B) The completion of 60 semester (90 quarter) units from an accredited college or university, with 36 semester units in physical or biological sciences.

(C) Graduation from a medical laboratory technician training program accredited by the National Accrediting Agency for Clinical Laboratory Sciences or other recognized accrediting program approved by the department.

(D) Graduation from an advanced military medical laboratory specialist program approved by the department.

(2) Has applied for the license on forms provided by the department.

(3) Has paid a license fee established in regulations of the department in accordance with subdivision (v) of Section 1300.

(b) A licensed medical laboratory technician may perform clinical laboratory tests or examinations classified as waived or of moderate complexity under CLIA, and may report the test results. However, a licensed medical laboratory technician shall not perform microscopic analysis or immunohematology procedures. The medical laboratory technician shall work under the supervision of a licensed physician and surgeon or a baccalaureate, masters, or doctoral level person licensed pursuant to this chapter. The supervision shall be required during the entire time a medical laboratory technician performs clinical laboratory tests or examinations.

(c) The department shall adopt emergency regulations to implement this section as soon as possible.

SEC. 3. Section 1300 of the Business and Professions Code is amended to read:

1300. The amount of application, registration, and license fees under this chapter shall be as follows:

(a) The application fee for a histocompatibility laboratory director's, clinical laboratory bioanalyst's, clinical chemist's, clinical microbiologist's, clinical laboratory toxicologist's, clinical cytogeneticist's, or clinical molecular biologist's license is thirty-eight dollars (\$38). This fee shall be sixty-three dollars (\$63) commencing on July 1, 1983.

(b) The annual renewal fee for a histocompatibility laboratory director's, clinical laboratory bioanalyst's, clinical chemist's, clinical microbiologist's, or clinical laboratory toxicologist's license is thirty-eight dollars (\$38). This fee shall be sixty-three dollars (\$63) commencing on July 1, 1983.

(c) The application fee for a clinical laboratory scientist's or limited clinical laboratory scientist's license is twenty-three dollars (\$23). This fee shall be thirty-eight dollars (\$38) commencing on July 1, 1983.

(d) The application and annual renewal fee for a cytotechnologist's license shall be fifty dollars (\$50) commencing on January 1, 1991.

(e) The annual renewal fee for a clinical laboratory scientist's or limited clinical laboratory scientist's license is fifteen dollars (\$15). This fee shall be twenty-five dollars (\$25) commencing on July 1, 1983.

(f) The application fee for a clinical laboratory license is six hundred dollars (\$600).

(g) The annual renewal fee for a clinical laboratory license is five hundred fifty-seven dollars (\$557).

(h) The application fee for a certificate of accreditation issued pursuant to Section 1223 is one hundred fifty dollars (\$150).

(i) The annual renewal fee for a certificate of accreditation issued pursuant to Section 1223 is one hundred dollars (\$100).

(j) In addition, clinical laboratories providing cytology services shall pay an annual fee that shall be set by the department in an amount needed to meet but not exceed the department's costs of proficiency testing and special site surveys for these laboratories, and that shall be based upon the volume of cytologic slides examined by a laboratory. If the amount collected is less than or exceeds the amount needed for these purposes, the amount of fees collected from those laboratories in the following year shall be adjusted accordingly.

(k) The application fee for a trainee's license is eight dollars (\$8). This fee shall be thirteen dollars (\$13) commencing on July 1, 1983.

(l) The annual renewal fee for a trainee's license is five dollars (\$5). This fee shall be eight dollars (\$8) commencing on July 1, 1983.

(m) The application fee for a duplicate license is three dollars (\$3). This fee shall be five dollars (\$5) commencing on July 1, 1983.

(n) The delinquency fee is equal to the annual renewal fee.

(o) The director may establish a fee for examinations required under this chapter. The fee shall not exceed the total cost to the department in conducting the examination.

(p) The certification and renewal fees for hemodialysis technicians certified under subdivision (a) of Section 1247.6 shall be fifty dollars (\$50).

(q) The annual fee for a clinical laboratory subject to registration under paragraph (2) of subdivision (a) of Section 1265 and performing only those clinical laboratory tests or examinations considered waived under CLIA is fifty dollars (\$50). The annual fee for a clinical laboratory subject to registration under paragraph (2) of subdivision (a) of Section 1265 and performing only provider-performed microscopy, as defined under CLIA is seventy-five dollars (\$75). A clinical laboratory performing both waived and provider-performed microscopy shall pay an annual registration fee of seventy-five dollars (\$75).

(r) The costs of the department in conducting a complaint investigation, imposing sanctions, or conducting a hearing under this chapter shall be paid by the clinical laboratory. The fee shall be no greater than the fee the laboratory would pay under CLIA for the same type of activities and shall not be payable if the clinical laboratory would not be required to pay those fees under CLIA.

(s) The state, a district, city, county, city and county, or other political subdivision, or any public officer or body shall be subject to the payment of fees established pursuant to this chapter or regulations adopted thereunder.

(t) In addition to the payment of registration or licensure fees, a clinical laboratory located outside the State of California shall reimburse the department for travel and per diem to perform any necessary onsite inspections at the clinical laboratory in order to ensure compliance with this chapter.

(u) Whenever a clinical laboratory has paid registration or compliance fees, or both, to HCFA under CLIA for the same period of time for which a license is issued under Section 1265, the fee required for the clinical laboratory license under subdivision (f) or (g), and as adjusted pursuant to Section 100450 of the Health and Safety Code, shall be reduced by the percentage of the total of all CLIA registration and compliance fees paid to HCFA by all California laboratories that are made available to the department to carry out its functions as a CLIA agent in the federal fiscal year immediately prior to when the license fee is due.

(v) The department shall establish an application fee and a renewal fee for a medical laboratory technician license, the total fees collected not to exceed the costs of the department for the implementation and operation of the program licensing and regulating medical laboratory technicians pursuant to Section 1260.3.

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:

The severe shortage of clinical laboratory personnel, especially personnel licensed as clinical laboratory scientists or limited clinical laboratory scientists, is creating the potential for a crisis in clinical laboratory testing capacity. A new licensure category for laboratory personnel qualified to perform waived and moderately complex testing in a clinical laboratory, the medical laboratory technician, is necessary to provide sufficient personnel capacity to deal with the current testing needs of the public. In addition, any catastrophic biological event, event of bioterrorism, or public health epidemic could not be optimally handled given the current shortage of clinical laboratory testing capacity.

In order for the residents of the state to benefit from additional qualified personnel to perform appropriate testing activities in clinical laboratories as soon as possible, and in order to provide sufficient

personnel to deal with these events, it is necessary that this act take effect immediately.

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CHAPTER 357

An act to amend Sections 742.24 and 742.31 of, and to repeal Section 742.44 of, the Insurance Code, relating to insurance.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 742.24 of the Insurance Code is amended to read:

742.24. To be eligible for a certificate of compliance, a self-funded or partially self-funded multiple employer welfare arrangement shall meet all of the following requirements:

- (a) Be nonprofit.
- (b) Be established and maintained by a trade association, industry association, professional association, or by any other business group or association of any kind that has a constitution or bylaws specifically stating its purpose, and have been organized and maintained in good faith with at least 200 paid members and operated actively for a continuous period of five years, for purposes other than that of obtaining or providing health care coverage benefits to its members. An association is a California mutual benefit corporation comprised of a group of individuals or employers who associate based solely on participation in a specified profession or industry, accepting for membership any individual or employer meeting its membership criteria, which do not condition membership directly or indirectly on the health or claims history of any person, and which uses membership dues solely for and in consideration of the membership and membership benefits.
- (c) Be organized and maintained in good faith with at least 2,000 employees and 50 paid employer members and operated actively for a continuous period of five years.
- (d) Have been operating in compliance with ERISA on a self-funded or partially self-funded basis for a continuous period of five years pursuant to a trust agreement by a board of trustees that shall have complete fiscal control over the multiple employer welfare arrangement, and that shall be responsible for all operations of the multiple employer welfare arrangement. The trustees shall be selected by vote of the

participating employers and shall be owners, partners, officers, directors, or employees of one or more employers participating in the multiple employer welfare arrangement. A trustee may not be an owner, officer, or employee of the insurer, administrator, or service company providing insurance or insurance-related services to the association. The trustees shall have authority to approve applications of association members for participation in the multiple employer welfare arrangement and to contract with an authorized administrator or service company to administer the day-to-day affairs of the multiple employer welfare arrangement.

(e) Benefits shall be offered only to association members.

(f) Benefits may be offered only through life agents, as defined in Section 1622, licensed in the state whose names, addresses, and telephone numbers have been filed with the commissioner as licensed life agents for the multiple employer welfare arrangement.

(g) Be operated in accordance with sound actuarial principles and conform to the requirements of Section 742.31.

(h) File an application with the department for a certificate of compliance no later than November 30, 1995.

(i) The multiple employer welfare arrangement shall at all times maintain aggregate stop loss insurance providing the arrangement with coverage with an attachment point which is not greater than 125 percent of annual expected claims. The commissioner may, by regulation, define "expected claims" for purposes of this subdivision and provide for adjustments in the amount of the percentage in specified circumstances in which the arrangement specifically provides for and maintains reserves in accordance with sound actuarial principles as provided in Section 742.31.

(j) The multiple employer welfare arrangement shall establish and maintain specific stop loss insurance providing the arrangement with coverage with an attachment point which is not greater than 5 percent of annual expected claims. The commissioner may, by regulation, define "expected claims" for purposes of this subdivision and provide for adjustments in the amount of that percentage as may be necessary to carry out the purposes of this subdivision determined by sound actuarial principles as provided in Section 742.31.

(k) The multiple employer welfare arrangement shall establish and maintain appropriate loss and loss adjustment reserves determined by sound actuarial principles as provided in Section 742.31.

(l) The association has within its own organization adequate facilities and competent personnel to serve the multiple employer welfare arrangement, or has contracted with a licensed third-party administrator to provide those services.

(m) The association has established a procedure for handling claims for benefits in the event of the dissolution of the multiple employer welfare arrangement.

(n) On and after January 1, 2003, in addition to the requirements of this article, maintain a surplus of not less than one million dollars (\$1,000,000), and that this amount be increased as follows: one million seven hundred fifty thousand dollars (\$1,750,000) by January 1, 2004; two million five hundred thousand dollars (\$2,500,000) by January 1, 2005; three million two hundred fifty thousand dollars (\$3,250,000) by January 1, 2006; and four million dollars (\$4,000,000) by January 1, 2007.

(o) Submit all proposed rate levels to the department for informational purposes no later than 45 days prior to their implementation. The proposed rates shall contain an aggregate benefit structure which has a loss ratio experience of not less than 80 percent. The loss ratio experience shall be calculated as claims paid during the contract period plus a reasonable estimate of claims liability for the contract period at the end of the current year divided by contributions paid or collected for the contract period minus unearned contributions at the end of the current year.

(p) Comply with the investment requirements of Article 3 (commencing with Section 1170) of Chapter 2 of Part 2 of Division 1 and Section 1192.5.

SEC. 2. Section 742.31 of the Insurance Code is amended to read:

742.31. Each self-funded or partially self-funded multiple employer welfare arrangement transacting business in the state shall file all of the following with the commissioner:

(a) No later than May 15th of each calendar year or four months and 15 days after the end of each fiscal year not on a calendar year basis, financial statements audited by a certified public accountant, and no later than March 1 of each calendar year or 60 days after the end of each fiscal year not on a calendar year basis, an actuarial opinion rendered by a qualified actuary that satisfies the requirements of Section 10489.15. The opinion shall be based on standards adopted from time to time by the Actuarial Standards Board and on any additional standards that the commissioner may, by regulation, prescribe. For the purposes of this section, "qualified actuary" means a member in good standing of the American Academy of Actuaries who meets the requirements set forth in regulations of the commissioner. The qualified actuary shall be liable for damages to any person caused by his or her negligence or other tortious conduct.

(b) Within 60 days after the end of each fiscal quarter, unaudited financial statements, affirmed by an appropriate officer or agent of the multiple employer welfare arrangement.



(c) Within 60 days after the end of each fiscal quarter, a report certifying that the multiple employer welfare arrangement maintains cash or liquid assets in a claim reserve account sufficient to meet its contractual obligations and that it maintains a policy of aggregate and specific stop loss insurance.

SEC. 3. Section 742.44 of the Insurance Code is repealed.

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## CHAPTER 358

An act to add Section 394 to the Insurance Code, relating to insurance.

[Approved by Governor August 31, 2002. Filed with  
Secretary of State September 3, 2002.]

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

SECTION 1. Section 394 is added to the Insurance Code, to read:  
394. (a) The commissioner may approve insurance policies and associated materials in languages other than English if the following conditions are met:

- (1) The policyholder is given a copy of the same material in English.
  - (2) The English version is the official version.
  - (3) A policyholder document in a language other than English shall contain a disclosure statement in both that language and in English that states that the English version is the official version and the foreign language version is for informational purposes only.
- (b) An insurer that knowingly misrepresents information provided in a language other than English shall be subject to Article 6.5 (commencing with Section 790) of Chapter 1 of Part 2.

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## CHAPTER 359

An act to amend Section 40974 of the Public Resources Code, relating to solid waste.

[Approved by Governor September 3, 2002. Filed with  
Secretary of State September 4, 2002.]

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

SECTION 1. Section 40974 of the Public Resources Code is amended to read:

40974. (a) Notwithstanding Section 40972, each city or county that is a member agency of a regional agency is liable for any civil penalties that may be imposed by the board pursuant to Section 41813 or 41850. However, an agreement that establishes a regional agency may apportion any civil penalties between or among the cities or counties that are member agencies of the regional agency. The total amount of civil penalties that may be imposed against the regional agency is equivalent to that amount that is the sum of the penalties that may be imposed against each city or county that is a member agency of the regional agency.

(b) (1) An agreement may provide that a city or county is subject to the portion of a penalty imposed upon a regional agency pursuant to Section 41850 that is in proportion to the city's or county's responsibility for failure to implement a source reduction and recycling element or household hazardous waste element, as determined by the regional agency.

(2) If an agreement provides for apportioning a penalty pursuant to paragraph (1), the regional agency shall provide the city or county with a written notice regarding the city's or county's responsibility, including the basis for determining the city's or county's proportional responsibility, and an opportunity for a hearing before the regional agency's governing body, before assessing the city or county a proportion of the penalty imposed by the board.

(3) This subdivision does not affect the authority of the board to impose a penalty pursuant to other provisions of this division.

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## CHAPTER 360

An act to add Section 38047.6 to the Education Code, and to add Section 27316.5 to the Vehicle Code, relating to vehicles.

[Approved by Governor September 3, 2002. Filed with  
Secretary of State September 4, 2002.]

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

SECTION 1. Section 38047.6 is added to the Education Code, to read:

38047.6. The State Board of Education shall adopt regulations to require a passenger in a school pupil activity bus equipped with passenger restraint systems in accordance with Section 27316.5 of the Vehicle Code to use a passenger restraint system so that the passenger is properly restrained by that system.

SEC. 2. Section 27316.5 is added to the Vehicle Code, to read:

27316.5. (a) Unless specifically prohibited by the National Highway Transportation Safety Administration, all type 2 school pupil activity buses, manufactured on or after July 1, 2004, purchased or leased for use in California shall be equipped at all designated seating positions with a combination pelvic and upper torso passenger restraint system.

(b) For purposes of this section, a "passenger restraint system" is either of the following:

(1) A restraint system that is in compliance with Federal Motor Vehicle Safety Standard 209, for a type 2 seatbelt assembly, and with Federal Motor Vehicle Safety Standard 210, as those standards were in effect on the date that the school pupil activity bus was manufactured.

(2) A restraint system certified by the school pupil activity bus manufacturer that is in compliance with Federal Motor Vehicle Safety Standard 222 and incorporates a type 2 lap-shoulder restraint system.

(c) No person, school district, or organization, with respect to a type 2 school pupil activity bus equipped with passenger restraint systems pursuant to this section, may be charged for a violation of this code or any regulation adopted thereunder requiring a passenger to use a passenger restraint system, if a passenger on the school pupil activity bus fails to use or improperly uses the passenger restraint system.

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.

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## CHAPTER 361

An act to amend Sections 49430.5, 49431, 49433, 49433.7, 49433.9, and 49434 of the Education Code, relating to pupil nutrition.

[Approved by Governor September 3, 2002. Filed with  
Secretary of State September 4, 2002.]

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

SECTION 1. Section 49430.5 of the Education Code is amended to read:

49430.5. (a) The reimbursement a school receives for free and reduced price meals sold or served to pupils in elementary or middle schools shall be increased to twenty-three cents (\$0.23).

(b) Each elementary and middle school shall receive a reimbursement of ten cents (\$0.10) for meals sold at full price.

(c) To qualify for the increased reimbursement for free and reduced price meals and for the reimbursement for meals sold at full price, a school shall follow the United States Department of Agriculture's Enhanced Food Based Meal Pattern, the United States Department of Agriculture's Nutrient Standard Meal Planning, California's SHAPE Menu Patterns, or the USDA Traditional Meal Pattern.

(d) The reimbursement rates set forth in this section shall be adjusted annually for increases in cost of living in the same manner set forth in Section 42238.1.

(e) This section shall become operative on January 1, 2004, only if moneys are appropriated on or before January 1, 2004, for the purposes of increased reimbursements pursuant to this article.

SEC. 2. Section 49431 of the Education Code is amended to read:

49431. (a) At elementary and middle schools, and in those schools participating in the pilot program created pursuant to Section 49433.7, the sale of all foods on school grounds shall be approved for compliance with the nutrition standards in this section by the person or persons responsible for implementing these provisions as designated by the school district.

(b) (1) At elementary schools, the only food that may be sold to pupils during breakfast and lunch periods is food that is sold as a full meal. This paragraph does not prohibit the sale of fruit, nonfried vegetables, legumes, beverages, dairy products, or grain products, as individual food items if they meet the requirements set forth in this subdivision.

(2) An individual food item sold to a pupil during morning or afternoon breaks at elementary schools shall meet all of the following standards:

(A) Not more than 35 percent of its total calories shall be from fat. This subparagraph does not apply to the sale of nuts or seeds.

(B) Not more than 10 percent of its total calories shall be from saturated fat.

(C) Not more than 35 percent of its total weight shall be composed of sugar. This subparagraph does not apply to the sale of fruits or vegetables.

(3) Regardless of the time of day, water, milk, 100 percent fruit juices, or fruit-based drinks that are composed of no less than 50 percent fruit juice and that have no added sweeteners are the only beverages that may be sold to pupils at an elementary school.

(c) In middle schools, from one-half hour before the start of the schoolday until after the end of the last lunch period, no carbonated beverage shall be sold to pupils.

(d) At middle schools, vending machines that contain carbonated beverages shall remain locked or be rendered inoperable until after the end of the last lunch period.

(e) An elementary school may permit the sale of food items that do not comply with subdivisions (a) to (d), inclusive, as part of a school fundraising event in any of the following circumstances:

(1) The items are sold by pupils of the school and the sale of those items takes place off of school premises.

(2) The items are sold by pupils of the school and the sale of those items takes place at least one-half hour after the end of the schoolday.

(f) Notwithstanding Article 3 (commencing with Section 33050) of Chapter 1 of Part 20, this section shall not be waived pursuant to that article.

(g) Although a middle school is required to comply with those provisions of this section applicable to middle schools, it may, in addition, elect to apply for participation in the pilot program pursuant to Section 49433.7.

(h) (1) This section shall become operative on January 1, 2004, only if moneys are appropriated on or before January 1, 2004, for each of the following purposes:

(A) Providing nutrition policy development grants pursuant to subdivision (c) of Section 49433.

(B) Support and technical assistance to school districts pursuant to Section 49433.5.

(C) Increasing meal reimbursements pursuant to Section 49430.5.

(2) The State Department of Education shall file a written statement with the Secretary of the Senate and the Chief Clerk of the Assembly prior to January 1, 2004, stating whether funds have been appropriated to meet the conditions of paragraph (1) and subdivision (e) of Section 49430.5. The statement shall state the annual Budget Act or other measure in which each appropriation was made.

SEC. 3. Section 49433 of the Education Code is amended to read:

49433. (a) A school district maintaining at least one elementary or middle school or high school that is participating in the pilot program pursuant to Section 49433.7 may convene a Child Nutrition and Physical Activity Advisory Committee that shall develop and recommend to the governing board of the school district for its adoption, school district policies on nutrition and physical activity. The committee shall include, but need not be limited to, school district governing board members, school administrators, food service directors, food service staff, parents, pupils, physical and health education teachers, dietitians, health care

professionals, and interested community members. In developing the policy, the committee shall hold at least one public hearing.

(b) The policies shall address issues and goals, including, but not limited to, all of the following:

- (1) Implementing the nutritional standards set forth in Section 49431.
  - (2) Encouraging fundraisers that promote good health habits and discouraging fundraisers that promote unhealthy foods.
  - (3) Ensuring that no pupil is hungry.
  - (4) Improving nutritional standards.
  - (5) Increasing the availability of fresh fruits and vegetables, including provisions that encourage schools to make fruits and vegetables available at all locations where food is sold.
  - (6) Ensuring, to the extent possible, that the food served is fresh.
  - (7) Encouraging eligible pupils to participate in the school lunch program.
  - (8) Integrating nutrition and physical activity into the overall curriculum.
  - (9) Ensuring regular professional development for food services staff.
  - (10) Ensuring pupils a minimum of 30 minutes to eat lunch and 20 minutes to eat breakfast, when provided.
  - (11) Ensuring pupils engage in healthful levels of vigorous physical activity.
  - (12) Ensuring pupils receive nutrition education.
  - (13) Improving the quality of physical education curricula and increasing training of physical education teachers.
  - (14) Enforcing existing physical education requirements.
  - (15) Altering the economic structures in place to encourage healthy eating by pupils and reduce dependency on generating profits for the school from the sale of unhealthy foods.
  - (16) Developing a financing plan to implement the policies.
  - (17) Increasing the availability of organic fruits and vegetables and school gardens.
  - (18) Collaborating with local farmers' markets.
- (c) A school district maintaining at least one elementary or middle school may apply to the State Department of Education for a grant to offset the costs of developing and adopting policies pursuant to this section. The grants shall be one-time grants and shall be available to applicant school districts by March 1, 2002.
- (d) A participating school district shall receive a grant of no less than four thousand dollars (\$4,000) and no more than twenty-five thousand dollars (\$25,000), depending upon the size of the school district, for the purpose of offsetting the costs of developing the school district nutrition and physical activity policies.

SEC. 4. Section 49433.7 of the Education Code is amended to read: 49433.7. The State Department of Education shall establish a three-year pilot program in which a total of not less than 10 high schools, middle schools, or any combination thereof, that apply are selected to participate. Although the selection process shall be essentially random, the selection process shall be weighted so that the pilot program contains participants that, as a group, are representative of the geographic diversity of the state. The pilot program shall commence in the fall of the 2002–03 school year. Participating districts will be eligible to receive a grant pursuant to subdivision (c) of Section 49433. Districts will be eligible for an increased reimbursement rate for free and reduced price meals served at participating high schools as set forth in Section 49430.5.

SEC. 5. Section 49433.9 of the Education Code is amended to read: 49433.9. A school district participating in the pilot program shall adopt the provisions of subdivision (a) of Section 49431 and Section 49433 and shall comply with all of the following requirements:

(a) (1) No beverage other than any of the following shall be sold to pupils from one-half hour before the start of the schoolday until one-half hour after the end of the schoolday:

(A) Fruit-based drinks that are composed of no less than 50 percent fruit juice and that have no added sweeteners.

(B) Drinking water.

(C) Milk, including, but not limited to, chocolate milk, soy milk, rice milk, and other similar dairy or nondairy milk.

(D) Electrolyte replacement beverages that do not contain more than 42 grams of added sweetener per 20 ounce serving.

(2) No carbonated beverage shall be sold to pupils from one-half hour before the start of the schoolday until one-half hour after the end of the schoolday.

(3) (A) Except as set forth in subparagraph (B), no beverage that exceeds 12 ounces per serving shall be sold to pupils from one-half hour before the start of the schoolday until one-half hour after the end of the schoolday.

(B) The 12-ounce maximum serving requirement does not apply to any of the following:

(i) Drinking water.

(ii) Milk, including, but not limited to, chocolate milk, soy milk, rice milk, and other similar dairy or nondairy milk.

(iii) An electrolyte replacement beverage. An electrolyte replacement beverage shall not exceed 20 ounces per serving.

(4) For the purposes of this subdivision and paragraph (3) of subdivision (b) of Section 49431, “added sweetener” means any additive that enhances the sweetness of the beverage, including, but not



limited to, added sugar, but does not include the natural sugar or sugars that are contained within the fruit juice which is a component of the beverage.

(b) No food item shall be sold to pupils from one-half hour before the start of the schoolday until one-half hour after the end of the schoolday unless it meets all of the standards set forth in subparagraphs (A) to (C) of paragraph (2) of Section 49431.

(c) Entree items and side dish serving sizes shall be no larger than the portions of those foods served as part of the federal school meal program.

(d) Fruit and nonfried vegetables shall be offered for sale at any location where food is sold.

SEC. 6. Section 49434 of the Education Code is amended to read:

49434. (a) The Superintendent of Public Instruction shall annually randomly select not less than 10 percent of the school districts of the state to report compliance with this article as set forth in subdivision (b). The group selected shall be sufficient to provide a statistically random and accurate sampling of the state as a whole.

(b) Each school district selected pursuant to subdivision (a) shall report to the Superintendent of Public Instruction in the coordinated compliance review regarding the extent to which it has complied with this article.

(c) For any school district that the Superintendent of Public Instruction finds is not in compliance with the mandatory provisions of this article, the Superintendent of Public Instruction shall issue a notice of noncompliance. The noncomplying school district shall adopt, and provide to the Superintendent of Public Instruction, a corrective plan. The corrective plan shall set forth the actions to be taken by the school district in order to ensure that the school district will be in full compliance within one year from the issuance of the noncompliance notification.

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## CHAPTER 362

An act relating to veterans, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 3, 2002. Filed with  
Secretary of State September 4, 2002.]

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

SECTION 1. There is hereby appropriated the sum of five million seven hundred ninety thousand dollars (\$5,790,000) in augmentation of

Item 8960-301-0001 of Section 2 of the Budget Act of 2000 (Ch. 52, Stats. 2000), representing reimbursement authority, to the Veterans' Home of California, Yountville, for project 80.20.271-Lincoln Theater Renovation Construction.

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 accelerate the delivery of a capital outlay project, as set forth in Section 1 of this act, thereby stimulating the creation of jobs at the earliest possible time, it is necessary that this act take effect immediately.

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## CHAPTER 363

An act to amend Sections 12205 and 12305 of the Public Contract Code, relating to public contracts.

[Approved by Governor September 3, 2002. Filed with  
Secretary of State September 4, 2002.]

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

SECTION 1. Section 12205 of the Public Contract Code is amended to read:

12205. (a) All state agencies shall require all contractors to certify in writing the minimum percentage, if not the exact percentage, of postconsumer and secondary material in the materials, goods, or services provided or used. This certification shall be furnished under penalty of perjury.

(b) The department, in consultation with the board, shall review and revise the procurement specifications used by state agencies in order to eliminate restrictive specifications and discrimination against the procurement or purchase of recycled products. Fitness and quality being equal, all state agencies shall purchase recycled products instead of nonrecycled products whenever recycled products are available at the same total cost as nonrecycled products. All state agencies shall allow a price preference, as determined by the board pursuant to Section 12162. In determining procurement specifications, with the exception of any specifications that have been established to preserve the public health and safety, all state procurement and purchasing specifications shall be established in a manner that results in the maximum state procurement and purchase of recycled products.

(c) (1) To assist the state in meeting the requirements of subdivision (a) of Section 12162 and subdivision (e) of this section, the department, in consultation with the board, may also establish recycled-content disclosure, recycled product-only bids, cooperative purchasing arrangements, or conduct an analysis of solid waste diversion from disposal facilities, to meet the requirements for recycled products and to encourage the maximum state procurement and purchase of recycled products. All state agencies shall, if feasible, implement recycled product-only bids for recycled products as defined in subdivision (a) of Section 12200, in order to meet the requirements for recycled products set forth in this section and Section 12162.

(2) This subdivision applies to the procurement or purchase of the following materials, goods, and supplies, or products containing the following recycled resources:

(A) Paper products, that include, but are not limited to, fine papers, such as xerographic and envelope papers and form bond, corrugated boxes, newsprint, tissue, and toweling.

(B) Compost and cocompost products.

(C) Glass.

(D) Oil.

(E) Plastic.

(F) Solvents and paint, including water-based paint.

(G) Tires.

(H) Steel.

(I) Antifreeze.

(d) All state agencies shall, if feasible, establish purchasing practices that ensure the purchase of materials, goods, and supplies that may be recycled or reused when discarded.

(e) The department shall set the following requirements for purchases made by state agencies:

(1) By January 1, 1996, at least 20 percent of state purchases are of recycled products.

(2) By January 1, 1998, at least 30 percent of state purchases are of recycled products.

(3) On and after January 1, 2000, at least 50 percent of state purchases are of recycled products.

(4) The requirements specified in this subdivision shall be applied to the purchases of state agencies for products listed in this section, except in subparagraph (A) of paragraph (2) of subdivision (c) for which requirements are specified in Section 12162.

(f) The purchases of the state agencies shall meet each requirement for, and be applied to the total dollar amount of, each specified product category as defined in this section. The purchase of a recycled-content product from one category may not be applied toward the requirements

for, or the total dollar amount of, any other category listed in this section or Section 12157, 12162, 12301, or 12305.

SEC. 2. Section 12305 of the Public Contract Code is amended to read:

12305. This chapter applies to the procurement and purchase of the following materials, goods, and supplies, or products containing the following recycled resources, and meeting the specified content requirements pursuant to either subdivision (c) or (d) of Section 12301, whichever is applicable:

- (a) Paper products, that include, but are not limited to, fine grades of paper, corrugated boxes, newsprint, tissue, and toweling.
- (b) Glass.
- (c) Oil.
- (d) Plastic.
- (e) Solvents and paint, including water-based paint.
- (f) Tires.
- (g) Steel.
- (h) Antifreeze.

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.

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## CHAPTER 364

An act to add Section 13107.5 to the Elections Code, relating to ballots.

[Approved by Governor September 4, 2002. Filed with  
Secretary of State September 5, 2002.]

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

SECTION 1. Section 13107.5 is added to the Elections Code, to read:

13107.5. (a) A candidate's ballot designation as "community volunteer" shall constitute a valid principal vocation or occupation for purposes of subdivision (a) of Section 13107, if not otherwise in

violation of any of the restrictions set forth in that section, and subject to the following conditions:

(1) A candidate's community volunteer activities constitute his or her principal profession, vocation, or occupation.

(2) A candidate is not engaged concurrently in another principal profession, vocation, or occupation.

(3) A candidate may not use the designation of "community volunteer" in combination with any other principal profession, vocation, or occupation designation.

(b) The Secretary of State shall by regulation define what constitutes a community volunteer for purposes of this section.

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## CHAPTER 365

An act to add Section 429.7 to the Government Code, relating to state emblems.

[Approved by Governor September 4, 2002. Filed with  
Secretary of State September 5, 2002.]

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

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

(a) The town of Bodie was founded by Waterman S. Body in 1859, and rose to prominence due to mining in the nearby Comstock Lode.

(b) At its peak in 1879, Bodie boasted a population of 10,000 citizens and had a reputation for its wicked climate as well as its clientele.

(c) By 1882, the big strikes were mostly gone and with them the need to stay in Bodie.

(d) One hundred twenty years later, Bodie is one of the largest and best-preserved ghost towns in the West.

SEC. 2. It is the intent of the Legislature to enact legislation to commemorate the 120th anniversary of the decline of the town of Bodie from boomtown to ghost town. It is the further intent of the Legislature to join with the students and teachers of Lee Vining Junior High School in Lee Vining, to promote awareness of, and to acknowledge the importance that Bodie played in, California's rich Gold Rush history.

SEC. 3. Section 429.7 is added to the Government Code, to read:  
429.7. Bodie is the official state gold rush ghost town.

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## CHAPTER 366

An act to add Section 51009 to the Education Code, relating to labor history.

[Approved by Governor September 4, 2002. Filed with  
Secretary of State September 5, 2002.]

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

SECTION 1. Section 51009 is added to the Education Code, to read: 51009. The first week of April is hereby deemed to be Labor History Week throughout the public schools, and school districts are encouraged to commemorate this week with appropriate educational exercises that make pupils aware of the role the labor movement has played in shaping California and the United States.

SEC. 2. It is the intent of the Legislature that California labor history, from the Spanish colonial period to the present day, be considered in the next cycle in which the history/social science curriculum framework and its accompanying instructional materials are adopted.

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CHAPTER 367

An act to add Section 76236 to, and to repeal Section 26826.4 of, the Government Code, relating to courthouse construction.

[Approved by Governor September 4, 2002. Filed with  
Secretary of State September 5, 2002.]

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

SECTION 1. Section 26826.4 of the Government Code is repealed.

SEC. 2. Section 76236 is added to the Government Code, to read: 76236. In addition to the total filing fee authorized pursuant to Section 26820.4, 26826, or 26827, after giving notice and holding a public hearing on the proposal, the Board of Supervisors of San Bernardino County may impose a surcharge not to exceed thirty-five dollars (\$35) for the filing in superior court of (a) a complaint, petition, or other first paper in a civil or probate action or special proceeding, and (b) a first paper on behalf of any defendant, respondent, intervenor, or adverse party. The surcharge shall be in an amount determined to be necessary by the board of supervisors to supplement the Courthouse Construction Fund, to be deposited in that fund and used solely for the

purposes authorized for expenditures from that fund, including, but not limited to, earthquake retrofitting, renovation, and remodeling of all portions of the Central San Bernardino Courthouse in need of retrofitting, renovation, or remodeling, whether or not necessitated by the retrofitting work, including the original courthouse built in 1926 and all subsequent additions thereto. Expenditures made from the Courthouse Construction Fund that are funded from the surcharge shall be made in order of priority to ensure that all necessary earthquake retrofitting of the Central San Bernardino Courthouse will be completed. Collection of the surcharge authorized by this section shall terminate upon repayment of the amortized costs incurred, or 30 years from the sale of the bond, whichever occurs first. However, the surcharge shall not apply in instances in which no filing fee is charged or the filing fee is waived.

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## CHAPTER 368

An act to amend Sections 6303 and 6304.1 of the Labor Code, relating to volunteer firefighting, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 4, 2002. Filed with  
Secretary of State September 5, 2002.]

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

SECTION 1. Section 6303 of the Labor Code is amended to read:  
6303. (a) "Place of employment" means any place, and the premises appurtenant thereto, where employment is carried on, except a place where the health and safety jurisdiction is vested by law in, and actively exercised by, any state or federal agency other than the division.

(b) "Employment" includes the carrying on of any trade, enterprise, project, industry, business, occupation, or work, including all excavation, demolition, and construction work, or any process or operation in any way related thereto, in which any person is engaged or permitted to work for hire, except household domestic service.

(c) "Employment," for purposes of this division only, also includes volunteer firefighting when covered by Division 4 (commencing with Section 3200) pursuant to Section 3361.

(d) Subdivision (c) shall become operative on January 1, 2004.

SEC. 2. Section 6304.1 of the Labor Code is amended to read:



6304.1. (a) "Employee" means every person who is required or directed by any employer to engage in any employment or to go to work or be at any time in any place of employment.

(b) "Employee" also includes volunteer firefighters covered by Division 4 (commencing with Section 3200) pursuant to Section 3361.

(c) Subdivision (b) shall become operative on January 1, 2004.

(d) This act does not affect claims that arose pursuant to Division 5 of this code between January 1, 2002, and the effective date of this act.

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:

Because of the additional time investment, and increased cost for equipment and training for volunteers to meet the same requirements as regular firefighters, it is necessary that this act take effect immediately to prevent the loss of volunteer firefighters.

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## CHAPTER 369

An act to amend Section 368 of, and to add Section 243.25 to, the Penal Code, relating to elder abuse.

[Approved by Governor September 4, 2002. Filed with  
Secretary of State September 5, 2002.]

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

SECTION 1. Section 243.25 is added to the Penal Code, to read:

243.25. When a battery is committed against the person of an elder or a dependent adult as defined in Section 368, with knowledge that he or she is an elder or a dependent adult, the offense shall be punishable by a fine not to exceed two thousand dollars (\$2,000), or by imprisonment in a county jail not to exceed one year, or by both that fine and imprisonment.

SEC. 2. Section 368 of the Penal Code is amended to read:

368. (a) The Legislature finds and declares that crimes against elders and dependent adults are deserving of special consideration and protection, not unlike the special protections provided for minor children, because elders and dependent adults may be confused, on various medications, mentally or physically impaired, or incompetent, and therefore less able to protect themselves, to understand or report criminal conduct, or to testify in court proceedings on their own behalf.

(b) (1) Any person who, under circumstances or conditions likely to produce great bodily harm or death, willfully causes or permits any elder or dependent adult, with knowledge that he or she is an elder or a dependent adult, to suffer, or inflicts thereon unjustifiable physical pain or mental suffering, or having the care or custody of any elder or dependent adult, willfully causes or permits the person or health of the elder or dependent adult to be injured, or willfully causes or permits the elder or dependent adult to be placed in a situation in which his or her person or health is endangered, is punishable by imprisonment in a county jail not exceeding one year, or by a fine not to exceed six thousand dollars (\$6,000), or by both that fine and imprisonment, or by imprisonment in the state prison for two, three, or four years.

(2) If in the commission of an offense described in paragraph (1), the victim suffers great bodily injury, as defined in Section 12022.7, the defendant shall receive an additional term in the state prison as follows:

(A) Three years if the victim is under 70 years of age.

(B) Five years if the victim is 70 years of age or older.

(3) If in the commission of an offense described in paragraph (1), the defendant proximately causes the death of the victim, the defendant shall receive an additional term in the state prison as follows:

(A) Five years if the victim is under 70 years of age.

(B) Seven years if the victim is 70 years of age or older.

(c) Any person who, under circumstances or conditions other than those likely to produce great bodily harm or death, willfully causes or permits any elder or dependent adult, with knowledge that he or she is an elder or a dependent adult, to suffer, or inflicts thereon unjustifiable physical pain or mental suffering, or having the care or custody of any elder or dependent adult, willfully causes or permits the person or health of the elder or dependent adult to be injured or willfully causes or permits the elder or dependent adult to be placed in a situation in which his or her person or health may be endangered, is guilty of a misdemeanor. A second or subsequent violation of this subdivision is punishable by a fine not to exceed two thousand dollars (\$2,000), or by imprisonment in a county jail not to exceed one year, or by both that fine and imprisonment.

(d) Any person who is not a caretaker who violates any provision of law proscribing theft or embezzlement, with respect to the property of an elder or a dependent adult, and who knows or reasonably should know that the victim is an elder or a dependent adult, is punishable by imprisonment in a county jail not exceeding one year, or in the state prison for two, three, or four years, when the money, labor, or real or personal property taken is of a value exceeding four hundred dollars (\$400); and by a fine not exceeding one thousand dollars (\$1,000), by imprisonment in a county jail not exceeding one year, or by both that fine

and imprisonment, when the money, labor, or real or personal property taken is of a value not exceeding four hundred dollars (\$400).

(e) Any caretaker of an elder or a dependent adult who violates any provision of law proscribing theft or embezzlement, with respect to the property of that elder or dependent adult, is punishable by imprisonment in a county jail not exceeding one year, or in the state prison for two, three, or four years when the money, labor, or real or personal property taken is of a value exceeding four hundred dollars (\$400), and by a fine not exceeding one thousand dollars (\$1,000), by imprisonment in a county jail not exceeding one year, or by both that fine and imprisonment, when the money, labor, or real or personal property taken is of a value not exceeding four hundred dollars (\$400).

(f) Any person who commits the false imprisonment of an elder or a dependent adult by the use of violence, menace, fraud, or deceit is punishable by imprisonment in the state prison for two, three, or four years.

(g) As used in this section, "elder" means any person who is 65 years of age or older.

(h) As used in this section, "dependent adult" means any person who is between the ages of 18 and 64, who has physical or mental limitations which restrict his or her ability to carry out normal activities or to protect his or her rights, including, but not limited to, persons who have physical or developmental disabilities or whose physical or mental abilities have diminished because of age. "Dependent adult" includes any person between the ages of 18 and 64 who is admitted as an inpatient to a 24-hour health facility, as defined in Sections 1250, 1250.2, and 1250.3 of the Health and Safety Code.

(i) As used in this section, "caretaker" means any person who has the care, custody, or control of, or who stands in a position of trust with, an elder or a dependent adult.

(j) Nothing in this section shall preclude prosecution under both this section and Section 187 or 12022.7 or any other provision of law. However, a person shall not receive an additional term of imprisonment under both paragraphs (2) and (3) of subdivision (b) for any single offense, nor shall a person receive an additional term of imprisonment under both Section 12022.7 and paragraph (2) or (3) of subdivision (b) for any single offense.

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.

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CHAPTER 370

An act to amend Sections 7550 and 11370.5 of, and to add Section 7550.1 to, the Government Code, relating to public agencies.

[Approved by Governor September 4, 2002. Filed with  
Secretary of State September 5, 2002.]

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

SECTION 1. Section 7550 of the Government Code is amended to read:

7550. (a) Any document or written report prepared for or under the direction of a state or local agency, that is prepared in whole or in part by nonemployees of the agency, shall contain the numbers and dollar amounts of all contracts and subcontracts relating to the preparation of the document or written report; if the total cost for the work performed by nonemployees of the agency exceeds five thousand dollars (\$5,000). The contract and subcontract numbers and dollar amounts shall be contained in a separate section of the document or written report.

(b) When multiple documents or written reports are the subject or product of the contract, the disclosure section may also contain a statement indicating that the total contract amount represents compensation for multiple documents or written reports.

SEC. 2. Section 7550.1 is added to the Government Code, to read:

7550.1. In an effort to reduce the cost of preparing state reports, a state agency shall, when preparing a report, consider cost reduction options, including, but not limited to, using unnecessary and expensive color graphics, color photographs, bindings, and paper.

SEC. 3. Section 11370.5 of the Government Code is amended to read:

11370.5. (a) The office is authorized and directed to study the subject of administrative adjudication in all its aspects; to submit its suggestions to the various agencies in the interests of fairness, uniformity and the expedition of business; and to report its recommendations to the Governor and Legislature. All departments, agencies, officers, and employees of the state shall give the office ready access to their records and full information and reasonable assistance in any matter of research requiring recourse to them or to data within their

knowledge or control. Nothing in this section authorizes an agency to provide access to records required by statute to be kept confidential.

(b) The office may adopt rules and regulations to carry out the functions and duties of the office under the Administrative Procedure Act. The regulations are subject to Chapter 3.5 (commencing with Section 11340).

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## CHAPTER 371

An act to amend Sections 9222, and 9286 of, to add Sections 10104 and 10414 to, and to repeal and add Sections 10262 and 10263 of, the Elections Code, relating to conduct of elections.

[Approved by Governor September 4, 2002. Filed with  
Secretary of State September 5, 2002.]

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

SECTION 1. Section 9222 of the Elections Code is amended to read:

9222. The legislative body of the city may submit to the voters, without a petition therefor, a proposition for the repeal, amendment, or enactment of any ordinance, to be voted upon at any succeeding regular or special city election, and if the proposition submitted receives a majority of the votes cast on it at the election, the ordinance shall be repealed, amended, or enacted accordingly. A proposition may be submitted, or a special election may be called for the purpose of voting on a proposition, by ordinance or resolution. The election shall be held not less than 88 days after the date of the order of election.

SEC. 2. Section 9286 of the Elections Code is amended to read:

9286. (a) Based on the time reasonably necessary to prepare and print the arguments and sample ballots and to permit the 10-calendar-day public examination as provided in Article 6 (commencing with Section 9295) for the particular election, the city elections official shall fix a date 14 days from the calling of the election as a deadline, after which no arguments for or against any city measure may be submitted for printing and distribution to the voters, as provided in this article. Arguments may be changed or withdrawn by their proponents until and including the date fixed by the city elections official during the normal business hours of the elections official's office, as posted.

(b) This section is not applicable when the election is consolidated with another election pursuant to Part 3 (commencing with Section 10400) of Division 10.

SEC. 3. Section 10104 is added to the Elections Code, to read:

10104. (a) Notwithstanding Section 15, if the last day for the performance of any act provided for or required by this code is a day when the elections official's office is closed pursuant to a resolution or ordinance of the legislative body, the act may be performed upon the next business day with the same effect as if it had been performed upon the day appointed.

(b) This section is not applicable when the election is consolidated with another election pursuant to Part 3 (commencing with Section 10400) of Division 10.

SEC. 4. Section 10262 of the Elections Code is repealed.

SEC. 5. Section 10262 is added to the Elections Code, to read:

10262. The canvass shall be conducted by the elections official. Sections 15302 and 15303 shall govern the conduct of the canvass. Upon the completion of the canvass, the elections official shall certify the results to the governing body.

(a) Except as provided in subdivision (b), the canvass shall be completed by the elections official no later than the third Friday after the election. Upon completion of the canvass, the elections official shall certify the results to the governing body which shall, no later than the third Friday after the election, comply with the applicable provisions of Section 10263.

(b) For a consolidated election, the city elections official, upon receipt of the results of the election from the elections official conducting the election, shall certify the results to the governing body which shall, no later than the third Friday following presentation of the 28-day canvass of the returns, comply with the applicable provisions of Section 10263.

SEC. 6. Section 10263 of the Elections Code is repealed.

SEC. 7. Section 10263 is added to the Elections Code, to read:

10263. Upon the completion of the canvass and before installing the new officers, the governing body shall adopt a resolution reciting the fact of the election and the other matters that are enumerated in Section 10264. The governing body shall declare elected the persons for whom the highest number of votes were cast for each office.

(a) Except as provided in subdivision (b), the governing body shall meet at its usual place of meeting no later than the third Friday after the election to declare the results and to install the newly elected officers.

(b) For a consolidated election, the governing body shall meet at its usual place of meeting no later than the third Friday following presentation of the 28-day canvass of the returns to declare the results and to install the newly elected officers.

SEC. 8.

SEC. 9. Notwithstanding Section 17610 of the Government Code, 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. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

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## CHAPTER 372

An act to add Section 7017.5 to the Business and Professions Code, relating to contractors.

[Approved by Governor September 4, 2002. Filed with  
Secretary of State September 5, 2002.]

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

SECTION 1. Section 7017.5 is added to the Business and Professions Code, to read:

7017.5. By the close of the first business day of each week, the board shall post the following home improvement salesperson registration information on its Web site:

- (a) The earliest enrolled date of the unprocessed applications on file at the close of the prior business day.
- (b) The earliest enrolled date of an application for which a registration number has been issued at the time of the posting required by this section.

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## CHAPTER 373

An act to amend and repeal Section 31780.2 of the Government Code, relating to county employees' retirement.

[Approved by Governor September 4, 2002. Filed with  
Secretary of State September 5, 2002.]

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

SECTION 1. Section 31780.2 of the Government Code, as added by Chapter 893 of the Statutes of 2001, is amended to read:



31780.2. (a) In a county of the 1st class, the 10th class, the 16th class, or the 18th class, as defined in Sections 28020, 28022, 28031, 28037, and 28039, any benefits accorded to a spouse pursuant to this article and Article 11 (commencing with Section 31760), Article 15.5 (commencing with Section 31841), Article 15.6 (commencing with Section 31855), and Article 16 (commencing with Section 31861), or any of them, may be accorded to a domestic partner, as defined in Section 297 of the Family Code, who is registered with the Secretary of State pursuant to Division 2.5 (commencing with Section 297) of the Family Code. The county may also require the member and the member's domestic partner to have a current Affidavit of Domestic Partnership, in the form adopted by the county board of supervisors, on file with the county for at least one year prior to the member's retirement or death prior to retirement.

(b) In the event a member described in subdivision (a) has a surviving dependent child, the surviving dependent child shall receive the death and survivor's allowance until age 19 years or until married, whichever occurs earlier, or until age 22 years if attending an educational institution. When the member's surviving dependent child reaches age 19 years or is no longer a dependent, whichever occurs earlier, or reaches age 22 years if attending an educational institution, then the benefits accorded to a spouse, as specified in subdivision (a), may be accorded to a domestic partner pursuant to this section. However, if a surviving dependent child elects to receive a lump-sum payment, the lump-sum payment shall be shared among any surviving dependent children and the domestic partner, pursuant to this section, in a proportional manner.

(c) This section is not operative unless and until the county board of supervisors, by resolution adopted by a majority vote, makes this section operative in the county.

SEC. 2. Section 31780.2 of the Government Code, as added by Chapter 146 of the Statutes of 2001, is repealed.

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## CHAPTER 374

An act to add Section 2628 to the Family Code, to amend Section 7150.5 of the Government Code, and to amend Sections 18001, 19006, 19052, 19180, 19354, 20503, 20505, 20514, 20563, 20642, and 20645 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 4, 2002. Filed with  
Secretary of State September 5, 2002.]

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

SECTION 1. Section 2628 is added to the Family Code, to read:  
2628. Notwithstanding Sections 2550 to 2552, inclusive, and Sections 2620 to 2624, inclusive, joint California income tax liabilities may be revised by a court in a proceeding for dissolution of marriage, provided the requirements of Section 19006 of the Revenue and Taxation Code are satisfied.

SEC. 2. Section 7150.5 of the Government Code is amended to read:  
7150.5. "Agency" means:

(a) The Department of Fish and Game with respect to a state tax lien created under Section 8048 of the Fish and Game Code.

(b) The Director of Employment Development with respect to a state tax lien created under Section 1703 of the Unemployment Insurance Code.

(c) The Franchise Tax Board with respect to a state tax lien created under Section 19221 of the Revenue and Taxation Code.

(d) The State Board of Equalization with respect to a state tax lien created under Section 6757, 8996, 30322, 32363, or 38532 of the Revenue and Taxation Code.

(e) The Controller with respect to a state tax lien created under Section 3423 or 3772 of the Public Resources Code or Section 7872 or 16063 of the Revenue and Taxation Code.

SEC. 3. Section 18001 of the Revenue and Taxation Code is amended to read:

18001. (a) Subject to the following conditions, residents shall be allowed a credit against the "net tax" (as defined by Section 17039) for net income taxes imposed by and paid to another state (not including any preference, alternative, or minimum tax comparable to the tax imposed by Section 17062) on income taxable under this part:

(1) The credit shall be allowed only for taxes paid to the other state (not including any preference, alternative, or minimum tax comparable to the tax imposed by Section 17062) on income derived from sources within that state which is taxable under its laws irrespective of the residence or domicile of the recipient.

This paragraph shall not apply to residents to whom subdivision (b) of Section 17014 applies.

(2) The credit shall not be allowed if the other state allows residents of this state a credit against the taxes imposed by that state (not including any preference, alternative, or minimum tax comparable to the tax imposed by Section 17062) for "net tax" (as defined by Section 17039) paid or payable under this part.

(3) The credit shall not exceed the proportion of the "net tax" (as defined by Section 17039) payable under this part as the income subject

to tax in the other state (not including any preference, alternative, or minimum tax comparable to the tax imposed by Section 17062) and also taxable under this part bears to the taxpayer's entire income upon which the "net tax" (as defined by Section 17039) is imposed by this part.

(4) No credit shall be allowed under this section for any tax imposed by Section 17062.

(b) For purposes of this section, the amount of "net income taxes" paid to another state shall include the taxpayer's pro rata share of any taxes on, or according to, or measured by, income or profits paid or accrued, which were paid by an S corporation, as provided by Section 18006.

(c) For purposes of this section, "income derived from sources within that state" shall be determined by applying the nonresident sourcing rules for determining income from sources within this state, as specified in Chapter 11 (commencing with Section 17951), and the regulations thereunder.

SEC. 4. Section 19006 of the Revenue and Taxation Code is amended to read:

19006. (a) The spouse who controls the disposition of or who receives or spends community income as well as the spouse who is taxable on the income is liable for the payment of the taxes imposed by Part 10 (commencing with Section 17001) on that income.

(b) Whenever a joint return is filed by a husband and wife, the liability for the tax on the aggregate income is joint and several. The liability may be revised by a court in a proceeding for dissolution of the marriage of the husband and wife, provided:

(1) The order revising tax liability may not relieve a spouse of tax liability on income earned by or subject to the exclusive management and control of the spouse. The liability of the spouse for the tax, penalties, and interest due for the taxable year shall be in the same ratio to total tax, penalties, and interest due for the taxable year as the income earned by or subject to the management and control of the spouse is to total gross income reportable on the return.

(2) The order revising tax liability:

(A) Must separately state the income tax liabilities for the taxable years for which revision of tax liability is granted.

(B) Shall not revise a tax liability that has been fully paid prior to the effective date of the order; however, any unpaid amount may be revised.

(C) Shall become effective when the Franchise Tax Board is served with or acknowledges receipt of the order.

(D) Shall not be effective if the gross income reportable on the return exceeds one hundred fifty thousand dollars (\$150,000) or the amount of tax liability the spouse is relieved of exceeds seven thousand five

hundred dollars (\$7,500) unless a tax revision clearance certificate is obtained from the Franchise Tax Board and filed with the court.

(c) Notwithstanding subdivisions (a) and (b), whenever a joint return is filed by a husband and wife and the tax liability is not fully paid, that liability, including interest and penalties, may be revised by the Franchise Tax Board as to one spouse.

(1) However, the liability shall not be revised:

(A) To relieve a spouse of tax liability on income earned by or subject to the exclusive management and control of the spouse. The liability of the spouse for the tax, penalties, and interest due for the taxable year shall be in the same ratio to total tax, penalties, and interest due for the taxable year as the income earned by or subject to the management and control of the spouse is to total gross income reportable on the return.

(B) To relieve a spouse of liability below the amount actually paid on the liability prior to the granting of relief, including credit from any other taxable year available for application to the liability.

(2) The liability may be revised only if the spouse whose liability is to be revised establishes that he or she did not know of, and had no reason to know of, the nonpayment at the time the return was filed. For purposes of this paragraph, "reason to know" means whether or not a reasonably prudent person would have had reason to know of the nonpayment.

(3) For purposes of this section, the determination of the spouse to whom items of gross income are attributable shall be made without regard to community property laws.

(4) The determination of the Franchise Tax Board as to whether the liability is to be revised as to one spouse shall be made not less than 30 days after notification of the other spouse and shall be based upon whether, under all of the facts and circumstances surrounding the nonpayment, it would be inequitable to hold the spouse requesting revision liable for the nonpayment. Any action taken under this section shall be treated as though it were action on a protest taken under Section 19044 and shall become final upon the expiration of 30 days from the date that notice of the action is mailed to both spouses, unless, within that 30-day period, one or both spouses appeal the determination to the board as provided in Section 19045.

(5) This subdivision shall apply to all taxable years subject to the provisions of this part, but shall not apply to any taxable year which has been closed by a statute of limitations, *res judicata*, or otherwise.

SEC. 5. Section 19052 of the Revenue and Taxation Code is amended to read:

19052. Notwithstanding any other provision of this part to the contrary, adjustments to refundable credits (including credits claimed on or after January 1, 2001, in accordance with Section 17052.6) may be made pursuant to Section 19054, and claimants shall have the right to

claim a refund of adjusted amounts within the period provided in Section 19306, 19307, 19308, or 19311, whichever period expires later.

SEC. 6. Section 19180 of the Revenue and Taxation Code is amended to read:

19180. (a) In any proceeding involving the issue of whether or not any person is liable for a penalty under Section 19177, 19178, or 19179, the burden of proof with respect to that issue shall be on the Franchise Tax Board.

(b) Sections 19041 to 19049, inclusive, (relating to deficiency procedures) shall not apply with respect to the assessment or collection of the penalties provided by Section 19177, 19178, or 19179.

(c) (1) If, within 30 days after the day on which notice and demand of any penalty under Section 19177 or 19178 is made against any person, that person pays an amount which is not less than 15 percent of the amount of that penalty and files a claim for refund of the amount so paid, no levy or proceeding in court for the collection of the remainder of that penalty shall be made, begun, or prosecuted until the final resolution of a proceeding begun as provided in paragraph (2). Notwithstanding Section 19381, the beginning of that proceeding or levy during the time that prohibition is in force may be enjoined by a proceeding in the superior court. Nothing in this paragraph shall be construed to prohibit any counterclaim for the remainder of that penalty in a proceeding begun as provided in paragraph (2).

(2) If, within 30 days after the day on which the claim for refund of any partial payment of any penalty under Section 19177 or 19178 is denied (or, if earlier, within 30 days after the expiration of six months after the day on which a claim for refund was filed), the person fails to begin a proceeding in the superior court for the determination of the liability for that penalty, paragraph (1) shall cease to apply with respect to that penalty, effective on the day following the close of the applicable 30-day period referred to in this paragraph.

(3) The running of the period of limitations provided in Section 19371 on the collection by levy or by a proceeding in court in respect of any penalty described in paragraph (1) shall be suspended for the period during which the Franchise Tax Board is prohibited from collecting by levy or a proceeding in court.

SEC. 7. Section 19354 of the Revenue and Taxation Code is amended to read:

19354. If the amount allowable as a credit under Section 19002 (relating to credit for tax withheld) and the amount, if any, allowable as a refundable tax credit (including the Child and Dependent Care Credit allowable under Section 17052.6) exceeds the tax imposed by Part 10 (commencing with Section 17001), against which the credits are allowable, the amount of the excess shall be considered an overpayment.

SEC. 8. Section 20503 of the Revenue and Taxation Code is amended to read:

20503. (a) "Income" means adjusted gross income as defined in Section 17072 plus all of the following cash items:

- (1) Public assistance and relief.
  - (2) Nontaxable amount of pensions and annuities.
  - (3) Social security benefits (except Medi-Care).
  - (4) Railroad retirement benefits.
  - (5) Unemployment insurance payments.
  - (6) Veteran's benefits.
  - (7) Exempt interest received from any source.
  - (8) Gifts and inheritances in excess of three hundred dollars (\$300), other than transfers between members of the household. Gifts and inheritances includes noncash items.
  - (9) Amounts contributed on behalf of the contributor to a tax-sheltered retirement plan or deferred compensation plan.
  - (10) Temporary worker's compensation payments.
  - (11) Sick leave payments.
  - (12) Nontaxable military compensation as defined in Section 112 of the Internal Revenue Code.
  - (13) Nontaxable scholarship and fellowship grants as defined in Section 117 of the Internal Revenue Code.
  - (14) Nontaxable gain from the sale of a residence as defined in Section 121 of the Internal Revenue Code.
  - (15) Life insurance proceeds to the extent that the proceeds exceed the expenses incurred for the last illness and funeral of the deceased spouse of the claimant. "Expenses incurred for the last illness" includes unreimbursed expenses paid or incurred during the income calendar year and any expenses paid or incurred thereafter up until the date the claim is filed. For purposes of this paragraph, funeral expenses shall not exceed five thousand dollars (\$5,000).
  - (16) If an alternative minimum tax is required to be paid pursuant to Chapter 2.1 (commencing with Section 17062) of Part 10, the amount of alternative minimum taxable income (whether or not cash) in excess of the regular taxable income.
  - (17) Annual winnings from the California Lottery in excess of six hundred dollars (\$600) for the current year.
- (b) For purposes of this chapter, total income shall be determined for the calendar year (or approved fiscal year ending within that calendar year) which ends within the fiscal year for which assistance is claimed.
- (c) For purposes of Chapter 2 (commencing with Section 20581), Chapter 3 (commencing with Section 20625) and Chapter 3.5 (commencing with Section 20640), total income shall be determined for

the calendar year ending immediately prior to the commencement of the fiscal year for which postponement is claimed.

SEC. 9. Section 20505 of the Revenue and Taxation Code is amended to read:

20505. "Claimant" means an individual who—

(a) For purposes of this chapter was either (1) 62 years of age or older on the last day of the calendar year or approved fiscal year designated in subdivision (b) or (c) of Section 20503, whichever is applicable, or (2) blind or disabled, as defined in Section 12050 of the Welfare and Institutions Code on the last day of the calendar year or approved fiscal year designated in subdivision (b) of Section 20503, who was a member of the household, and who was either: (1) the owner and occupier of a residential dwelling on the last day of the year designated in subdivision (b) or (c) of Section 20503, or (2) the renter of a rented residence on or before the last day of the year designated in subdivision (b) of Section 20503. An individual who qualifies as an owner-claimant may not qualify as a renter-claimant for the same year.

(b) (1) For purposes of Chapter 2 (commencing with Section 20581), Chapter 3 (commencing with Section 20625), Chapter 3.3 (commencing with Section 20639), and Chapter 3.5 (commencing with Section 20640) was a member of the household and either an owner-occupant, or a tenant stockholder occupant, or a possessory interestholder occupant, or a mobilehome owner-occupant, as the case may be, of the residential dwelling as to which postponement is claimed on the last day of the year designated in subdivision (b) or (c) of Section 20503, and who was 62 years of age or older by December 31 of the fiscal year for which postponement is claimed.

(2) For purposes of Chapter 2 (commencing with Section 20581), Chapter 3 (commencing with Section 20625), Chapter 3.3 (commencing with Section 20639), and Chapter 3.5 (commencing with Section 20640) was a member of the household and an owner-occupant of the residential dwelling as to which postponement is claimed on the last day of the year designated in subdivision (c) of Section 20503, and who was blind or disabled, as defined in Section 12050 of the Welfare and Institutions Code, at the time of application or on December 10 of the fiscal year for which postponement is claimed, whichever is earlier.

(c) Where amounts have been postponed for any given fiscal year and the claimant continues to own and occupy the residential dwelling on December 31 of the calendar year in which the fiscal year begins, and the claimant sells the dwelling and buys a new residential dwelling in this state on or before December 31 of the following fiscal year and the new dwelling is the claimant's principal place of residence, then in that event, the claimant shall be deemed to be a qualified claimant for the purpose



of this section. These regulations shall become effective immediately upon filing with the Secretary of State.

SEC. 10. Section 20514 of the Revenue and Taxation Code is amended to read:

20514. (a) Assistance shall not be allowed under this chapter if gross household income, after allowance for actual cash expenditures that are reasonable, ordinary, and necessary to realize income, exceeds thirty-five thousand two hundred fifty-one dollars (\$35,251).

(b) With respect to assistance that is provided by the Franchise Tax Board pursuant to this chapter for the 2002 calendar year and each calendar year thereafter, the gross household income figure that applies to assistance provided by the Franchise Tax Board during that period shall be the gross household income figure that applied to assistance provided by the Franchise Tax Board in the same period in the immediately preceding year, multiplied by an inflation adjustment factor calculated as follows:

(1) On or before February 1 of each year, the Department of Industrial Relations shall transmit to the Franchise Tax Board the percentage change in the California Consumer Price Index for all items from June of the second preceding calendar year to June of the immediately preceding calendar year.

(2) The Franchise Tax Board shall add 100 percent to the percentage change figure that is furnished pursuant to paragraph (1) and divide the result by 100.

(3) The Franchise Tax Board shall multiply the gross household income figure that applies in the immediately preceding year by the inflation adjustment factor determined in paragraph (2), and round off the resulting product to the nearest one dollar (\$1).

SEC. 11. Section 20563 of the Revenue and Taxation Code is amended to read:

20563. (a) The claim on which the assistance is based shall be filed after June 30 of the fiscal year for which assistance is claimed but on or before October 15 of the fiscal year succeeding the fiscal year for which assistance is claimed. The Franchise Tax Board may thereafter accept claims through June 30 of the fiscal year succeeding the fiscal year for which assistance is claimed.

(b) The state shall assist the claimant after July 15 and before November 15 of the calendar year in which the claim is filed, except that if the claim is defective, assistance shall be made as promptly as is practicable after the claim has been perfected.

(c) A claimant who, because of a medical incapacity, is prevented from filing a timely claim, shall be permitted to file a claim within six months after the end of his or her medical incapacity or three (3) years

succeeding the end of the fiscal year for which assistance is claimed, whichever date is earlier.

SEC. 12. Section 20642 of the Revenue and Taxation Code is amended to read:

20642. Except as otherwise expressly provided by this part, the Franchise Tax Board shall administer and enforce this part and the provisions of Chapter 7 (commencing with Section 19501) of Part 10.2 shall apply to this part.

SEC. 13. Section 20645 of the Revenue and Taxation Code is amended to read:

20645. If the Franchise Tax Board determines that assistance has been erroneously granted under this part, or if a claimant is aggrieved by the denial in whole or in part for assistance, then the provisions in Chapters 2 (commencing with Section 18501), 4 (commencing with Section 19001), 5 (commencing with Section 19201), and 6 (commencing with Section 19301) of Part 10.2 shall apply, as if the amount in controversy was a tax, unless the context indicates otherwise. For the purposes of Chapter 7 (commencing with Section 19501) of Part 10.2 (relating to disclosure of information), a claim filed pursuant to this part shall be deemed a tax return and disclosure of information set forth therein is prohibited unless required for administrative purposes by the Franchise Tax Board or the Controller.

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## CHAPTER 375

An act to amend Sections 22119.5, 22138.5, 22140, 22515, 22657, 22664, 22713, 22905, 24002, 24010, 24012, 24102, 24109, 24111, 24114, 24209.3, 24216, 24705, 24950, 24975, 25007, 25011, 25012, 25017, 25018, 25020, 25021, 25022, 25023, 25940, 26400, and 27004 of, to add Sections 24221, 25000.9, 25018.5, 25022.5, and 25955 to, and to repeal Chapter 27.1 (commencing with Section 24230) of Part 13 of Division 1 of Title 1 of, the Education Code, relating to state teachers' retirement.

[Approved by Governor September 4, 2002. Filed with  
Secretary of State September 5, 2002.]

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

SECTION 1. Section 22119.5 of the Education Code, as amended by Chapter 608 of the Statutes of 1996, is amended to read:

22119.5. (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 occupation 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 employees who are responsible for the supervision of persons or administration of the duties described in this section.

(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 any activities not already specified.

SEC. 2. Section 22138.5 of the Education Code is amended to read:

22138.5. (a) "Full time" means the days or hours of creditable service the employer requires to be performed by a class of employees in a school year in order to earn the compensation earnable as defined in Section 22115 and specified under the terms of a collective bargaining agreement or employment agreement. For the purpose of crediting service under this part, "full time" shall not be less than the minimum

standards specified in this section. Each collective bargaining agreement or employment agreement that applies to a member subject to the minimum standard specified in paragraph (5) of subdivision (c) shall specify the number of hours of creditable service that equal "full time" pursuant to this section, and shall make specific reference to this section.

(b) The minimum standard for full time in kindergarten through grade 12 shall be:

(1) One hundred seventy-five days per year or 1,050 hours per year, except as provided in paragraphs (2) and (3).

(2) (A) One hundred ninety days per year or 1,520 hours per year for all principals and program managers, including advisers, coordinators, consultants, and developers or planners of curricula, instructional materials, or programs, and for administrators, except as provided in subparagraph (B).

(B) Two hundred fifteen days per year or 1,720 hours per year including school and legal holidays pursuant to the policy adopted by the employer's governing board for administrators at a county office of education.

(3) One thousand fifty hours per year for teachers in adult education programs.

(c) The minimum standard for full time in community colleges shall be:

(1) One hundred seventy-five days per year or 1,050 hours per year, except as provided in paragraphs (2), (3), (4), (5), and (6). Full time shall include time for duties the employer requires to be performed as part of the full-time assignment for a particular class of employees.

(2) One hundred ninety days per year or 1,520 hours per year for all program managers and for administrators, except as provided in paragraph (3).

(3) Two hundred fifteen days per year or 1,720 hours per year including school and legal holidays pursuant to the policy adopted by the employer's governing board for administrators at a district office.

(4) One hundred seventy-five days per year or 1,050 hours per year for all counselors and librarians.

(5) Five hundred twenty-five instructional hours per school year for all instructors employed on a part-time basis, except instructors specified in paragraph (6). If an instructor receives compensation for office hours pursuant to Article 10 (commencing with Section 87880) of Chapter 3 of Part 51, then the minimum standard established herein shall be increased appropriately by the number of office hours required annually for the class of employees.

(6) Eight hundred seventy-five instructional hours per school year for all instructors employed in adult education programs. If an instructor receives compensation for office hours pursuant to Article 10

(commencing with Section 87880) of Chapter 3 of Part 51, then the minimum standard established herein shall be increased appropriately by the number of office hours required annually for the class of employees.

(d) The board shall have final authority to determine full time for purposes of crediting service under this part if full time is not otherwise specified herein.

SEC. 3. Section 22140 of the Education Code is amended to read:  
22140. (a) "Improvement factor," with respect to the Defined Benefit Program, means an increase of 2 percent in monthly allowances. The improvement factor shall be added to a monthly allowance each year on September 1, commencing on September 1 following the first anniversary of the effective date of retirement, or the date on which the monthly allowance commenced to accrue to any beneficiary, or other periods specifically stated in this part.

(b) The improvement factor may not be compounded nor shall it be applicable to annuities payable from the accumulated annuity deposit contributions or the accumulated tax-sheltered annuity contributions. The Legislature reserves the right to adjust the amount of the improvement factor up or down as economic conditions dictate. Any adjustment of the improvement factor may not reduce the monthly retirement allowance or annuity below that which would be payable to the recipient under this part had this section not been enacted.

SEC. 4. Section 22515 of the Education Code is amended to read:  
22515. Persons excluded from membership pursuant to Sections 22601.5, 22602, and 22604 may elect membership in the Defined Benefit Program at any time while employed to perform creditable service subject to coverage under that program. The election shall be in writing on a form prescribed by this system and shall be filed in the office of this system prior to submission of contributions. The amendments to this section enacted during the 1995-96 Regular Session shall be deemed to have become operative on July 1, 1996.

SEC. 5. 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, 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. 6. 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 1/2 years of credited service in his or her separate account.

(3) The nonmember spouse has attained the age of 55 years or more.

(b) A service retirement allowance of a nonmember spouse under this part shall become effective upon any 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 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 in which the application is received at the system's office in Sacramento 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 1/4 .....	2.033

60 $\frac{1}{2}$ .....	2.067
60 $\frac{3}{4}$ .....	2.10
61 .....	2.133
61 $\frac{1}{4}$ .....	2.167
61 $\frac{1}{2}$ .....	2.20
61 $\frac{3}{4}$ .....	2.233
62 .....	2.267
62 $\frac{1}{4}$ .....	2.30
62 $\frac{1}{2}$ .....	2.333
62 $\frac{3}{4}$ .....	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 in which 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. Any retirement benefit paid as an annuity under this chapter shall be subject to Sections 22660 and 25011.

(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. 7. Section 22713 of the Education Code is amended to read:

22713. (a) Notwithstanding any other provision of this chapter, the governing board of a school district or a community college district or a county superintendent of schools may establish regulations that allow an employee who is a member of the Defined Benefit Program to reduce

his or her workload from full time to part time, and receive the service credit the member would have received if the member had been employed on a full-time basis and have his or her retirement allowance, as well as other benefits that the member is entitled to under this part, based, in part, on final compensation determined from the compensation earnable the member would have been entitled to if the member had been employed on a full-time basis.

(b) The regulations shall include, but may not be limited to, the following:

(1) The option to reduce the member's workload shall be exercised at the request of the member and may be revoked only with the mutual consent of the employer and the member.

(2) The member shall have been employed full time to perform creditable service subject to coverage under the Defined Benefit Program for at least 10 years including five years of full-time employment immediately preceding the reduction in workload and have a minimum of 10 years of credited service.

(3) The member may not have had a break in service during the five years immediately preceding the reduction in workload. For purposes of this subdivision, sabbaticals and other approved leaves of absence may not constitute a break in service. For purposes of this subdivision, the period of time during which a member is retired for service shall constitute a break in service and a member who reinstates from retirement shall be required to perform at least five years of full-time creditable service immediately preceding the reduction in workload.

(4) The member shall have reached the age of 55 years prior to the reduction in workload.

(5) The reduced workload shall be performed for a period of time, as specified in the regulations, up to and including 10 years. The period of time specified in the regulations may not exceed 10 years.

(6) The reduced workload shall be equal to at least one-half of the full-time equivalent required by the member's contract of employment during his or her final year of full-time employment.

(7) The member shall be paid creditable compensation that is the pro rata share of the creditable compensation the member would have been paid had the member not reduced his or her workload.

(c) Prior to the reduction of a member's workload under this section, the employer in conjunction with the administrative staff of the State Teachers' Retirement System and the Public Employees' Retirement System, shall verify the member's eligibility for the reduced workload program.

(d) The member shall make contributions to the Teachers' Retirement Fund in the amount that the member would have contributed had the

member performed creditable service on a full-time basis subject to coverage under the Defined Benefit Program.

(e) The employer shall contribute to the Teachers' Retirement Fund at a rate adopted by the board as a plan amendment with respect to the Defined Benefit Program an amount based upon the creditable compensation that would have been paid to the member had the member performed creditable service on a full-time basis subject to coverage under the Defined Benefit Program.

(f) The employer shall maintain the necessary records to separately identify each member who participates in the reduced workload program pursuant to this section.

SEC. 8. Section 22905 of the Education Code, as amended by Section 2 of Chapter 115 of the Statutes of 2002, is amended to read:

22905. (a) Member contributions pursuant to Section 22901, employer contributions pursuant to Section 22903 or 22904, and member contributions made by an employer pursuant to Section 22909 shall be credited to the member's individual account under the Defined Benefit Program or the Defined Benefit Supplement Program, whichever is applicable pursuant to the provisions of this part.

(b) Member and employer contributions on a member's compensation under the following circumstances shall be credited to the member's Defined Benefit Supplement account:

(1) Compensation for creditable service that exceeds one year in a school year.

(2) Compensation that is consistent with subdivision (b) of Section 22119.2.

(3) Compensation that is payable for a specified number of times as limited by law, a collective bargaining agreement, or an employment agreement.

(c) A member shall not make voluntary pretax or posttax contributions under the Defined Benefit Supplement Program, except as provided in subdivision (d), nor shall a member redeposit amounts previously distributed based on the balance in the member's Defined Benefit Supplement account.

(d) Member and employer contributions under the Defined Benefit Supplement Program shall be credited to the accounts of members as of July 1 each year following a determination by the system under the provisions of this part that those contributions should be credited to the Defined Benefit Supplement Program. Contributions to a member's Defined Benefit Supplement account shall be identified separately from the member's contributions credited under the Defined Benefit Program.

(e) The provisions of this section 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 this section shall become operative on July 1, 2003.

SEC. 9. Section 24002 of the Education Code is amended to read:

24002. The board may authorize payment of a disability allowance to any member who is qualified upon application under this part by the member, the member's guardian or conservator, or the member's employer, if the application is made during any one of the following periods:

(a) While the member is employed or on a compensated leave of absence.

(b) While the member is physically or mentally incapacitated for performance of service and the incapacity has been continuous from the last day of actual performance of service for which compensation is payable to the member.

(c) While the member is on a leave of absence without compensation, granted for reason other than mental or physical incapacity for performance of service, and within four months after the last day of actual performance of service for which compensation is payable to the member, or within 12 months of that date if the member is on an employer-approved leave to study at an approved college or university.

(d) Within four months after the termination of the member's employment subject to coverage under the Defined Benefit Program, if the application was not made under subdivision (b) and was not made more than four months after the last day of actual performance of service for which compensation is payable to the member.

(e) A member, with a dependent child, who becomes disabled prior to normal retirement age, and whose sick leave will extend beyond normal retirement age, may be awarded a disability allowance with an effective date after normal retirement age, if application is filed prior to attaining normal retirement age.

(f) The member is not applying for a disability allowance because of a physical or mental condition that existed at the time the most recent membership in the Defined Benefit Program commenced and which remains substantially unchanged at the time of application.

SEC. 10. Section 24010 of the Education Code is amended to read:

24010. Allowances payable under Sections 24006 and 24007 shall be reduced by an amount equal to the unmodified benefits paid or payable under other public systems for the same impairment or impairments that qualify the member for a disability allowance under this part. With respect to workers' compensation payments that are subject to liens under Section 4903 of the Labor Code, "unmodified benefits," for purposes of this section, shall only include payments for temporary disability, vocational rehabilitation monthly allowance, and permanent disability.

SEC. 11. Section 24012 of the Education Code is amended to read:  
24012. (a) A member who is receiving a disability allowance pursuant to this chapter who is determined by the board to have a mental, physical, or vocational rehabilitation potential that could be expected to restore the member's ability to perform service in the member's former position of employment or a comparable level position shall participate in an appropriate rehabilitation program approved by the board. The board shall pay all reasonable costs of the approved program. Willful failure to initiate and continue participation in the rehabilitation program shall cause the disability allowance to be terminated. In determining whether a member has good cause for failure to participate in the program the board shall take into account whether the participation would abridge the member's right to the free exercise of religion or whether the member's physical or mental condition has worsened, as determined by the member's treating physician and substantiated by medical evidence.

(b) Any cost for the approved rehabilitation program prescribed by the board shall be paid directly by the system from the fund.

SEC. 12. Section 24102 of the Education Code is amended to read:  
24102. The board may authorize payment of a disability retirement allowance under this part to any member who is qualified upon application by the member, the member's guardian or conservator, or the member's employer, if the application is made during any one of the following periods:

(a) While the member is employed or on a compensated leave of absence.

(b) While the member is physically or mentally incapacitated for performance of service and the incapacity has been continuous from the last day of actual performance of service for which compensation is payable to the member.

(c) While the member is on a leave of absence without compensation, granted for reason other than mental or physical incapacity for performance of service, and within four months after the last day of actual performance of service for which compensation is payable to the member, or within 12 months of that date if the member was on an employer-approved leave to study at an approved college or university.

(d) Within four months after the termination of the member's employment subject to coverage under the Defined Benefit Program, if the application was not made under subdivision (b) and was not made more than four months after the last day of actual performance of service for which compensation is payable to the member.

(e) The member is not applying for a disability retirement allowance because of a physical or mental condition that existed at the time the

most recent membership in the Defined Benefit Program commenced and which remains substantially unchanged at the time of application.

SEC. 13. Section 24109 of the Education Code is amended to read:

24109. Retirement allowances payable pursuant to subdivision (a) of Section 24106 shall be reduced by an amount equal to the unmodified benefits paid or payable under a workers' compensation program for the same impairment or impairments that qualify the member for a disability retirement allowance under this part. For purposes of this section, unmodified benefits are limited to benefits for either a temporary or permanent disability or for vocational rehabilitation paid or payable under the Workers' Compensation Act.

SEC. 14. Section 24111 of the Education Code is amended to read:

24111. (a) A member who is receiving a disability retirement allowance under this part pursuant to this chapter who is determined by the board to have a mental, physical, or vocational rehabilitation potential that could be expected to restore the member's ability to perform service in the member's former position of employment or in a comparable level position shall participate in an appropriate rehabilitation program approved by the board. The board shall pay all reasonable costs of the approved program. Willful failure to initiate and continue participation in the rehabilitation program shall cause the disability retirement allowance under this part to be terminated. In determining whether a member has good cause for failure to participate in the program the board shall take into account whether the participation would abridge the member's right to the free exercise of religion or whether the member's physical or mental condition has worsened as determined by the member's treating physician and substantiated by medical evidence.

(b) Any cost for the approved rehabilitation program prescribed by the board shall be paid directly by the system from the fund.

SEC. 15. Section 24114 of the Education Code is amended to read:

24114. (a) A member retired for disability under this part may be employed or self-employed in any capacity, notwithstanding Section 22132, but may not make contributions to the retirement fund with respect to the Defined Benefit Program or accrue service credit under this part based on earnings from any employment.

(b) A member retired for disability under this part may earn in any one calendar year up to the limitation specified in subdivision (c) without a reduction in his or her disability retirement allowance.

(c) The limitation that shall apply to the earnings of a member retired for disability under this part shall be fifteen thousand dollars (\$15,000), in any one calendar year, adjusted annually by the board effective each January 1 by the annual amount of increase in the All Urban California Consumer Price Index using December 1989 as the base.

(d) If a member retired for disability under this part earns in excess of the limitation specified in subdivision (c) from all employment in any calendar year, notwithstanding Section 22132, his or her retirement allowance shall be reduced by the amount of the excess earnings. 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 calendar year in which the excess compensation was earned.

(e) The earnings limitation specified in this section shall not be applicable to a member retired for disability under this part who is participating in an approved rehabilitation program pursuant to Section 24111.

(f) This section does not apply to a member retired for disability under this part who began receiving a disability retirement allowance prior to October 16, 1992.

SEC. 16. 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 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 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 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).

(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).

(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, for credited service performed during the most recent reinstatement, Section 22714, 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), 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, for credited service performed during the most recent reinstatement, Section 22714, 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, 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.

SEC. 17. 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 of Public Instruction pursuant to Section 41320.1, or a member retired for service who is assigned by a county superintendent of schools pursuant to Article 2 (commencing with Section 42120) 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 of Public Instruction 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 equivalent for that position, if the vacancy occurred due to circumstances beyond the control of the employer. The limitation specified in subdivisions (d) and (f) of Section 24214 shall apply to creditable service performed beyond the specified exemption.

(2) 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 shall be ineligible for one year from the effective date of retirement for the exemption provided in this section for service performed in the district from which he or she retired.

(e) This section shall become operative on January 1, 2001, and 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. 18. Section 24221 is added to the Education Code, to read:

24221. (a) A member who retires for service on or after April 1, 2002, and prior to January 1, 2011, and who has reached normal retirement age 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 allowance that would otherwise be payable to the member pursuant to this chapter.

(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 difference between (A) the monthly allowance payable to the member pursuant to this chapter, and (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 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 allowance, pursuant to this chapter, that shall be actuarially reduced to reflect the lump-sum amount paid under subdivision (b).

(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 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) 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. 19. Chapter 27.1 (commencing with Section 24230) of Part 13 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 20. Section 24705 of the Education Code is amended to read:  
24705. Notwithstanding the provisions in Section 24201, a member of the San Francisco local 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. 21. Section 24950 of the Education Code is amended to read:  
24950. An annuity contract and custodial account as described in Section 403(b) of the Internal Revenue Code of 1986 shall be offered to all employees of any state agency who are members of the plan under this part or any employee of a local public agency or political subdivision of this state that employs persons to perform creditable service subject to coverage by the plan under this part. The following criteria shall apply to that annuity contract and custodial account:

(a) The annuity contract and custodial account shall be offered for at least five years.

(b) The annuity contract and custodial account may be administered by a qualified third-party administrator that shall, under agreement with the system, provide custodial, investment, recordkeeping, or administrative services, or any combination thereof. The third-party administrator may not provide investment options other than pursuant to a shareholders' services agreement between the third-party administrator and the investment manager.

(c) The investment options offered shall be determined by the board consistent with those annuity contract and custodial accounts described in Section 403(b) of the Internal Revenue Code of 1986.

(d) The system's investment staff shall make recommendations to the board as to the appropriate investment options. At a minimum, the board shall offer at least three investment options. The board shall have sole responsibility for the selection of service providers.

(e) All contributions made in accordance with the provisions of Section 403(b) of the Internal Revenue Code of 1986 and this section shall be remitted directly to the administrator and held by the administrator in a custodial account on behalf of the employee. Any

investment gains or losses shall be credited to those accounts. The forms of payment and disbursement procedure shall be consistent with those generally offered by similar annuity contracts and custodial accounts and applicable federal and state statutes governing those contracts and accounts.

(f) Any employer, other than the state, may elect to make contributions to the employee's annuity contract and custodial account on behalf of the employee. The employer shall take whatever action is necessary to implement this section, including the adoption of an annuity contract and custodial account, or provide the appropriate authorization in accordance with the provision of Section 403(b) of the Internal Revenue Code of 1986. Employer contributions made under this section are excluded from the definition of creditable compensation as provided in Section 22119.2.

(g) The design and administration of the annuity contract and custodial account shall comply with the applicable provisions of the Internal Revenue Code of 1986 and the Revenue and Taxation Code. Section 770.3 of the Insurance Code shall not be applicable.

SEC. 22. Section 24975 of the Education Code is amended to read:

24975. (a) The board may develop one or more deferred compensation plans under Section 457 of the Internal Revenue Code that an employer may choose to establish and offer to its employees who are members of the plan under this part or Part 14 (commencing with Section 26000) or any employee of a local public agency or political subdivision of this state that employs persons to perform creditable service subject to coverage by the plan under this part.

(b) If an employer adopts a deferred compensation plan described in subdivision (a):

(1) The employer shall enter into a written contractual arrangement with the system under which the system, or a third-party administrator acting on behalf of the system, shall provide investment, recordkeeping, and administrative services for the deferred compensation plan.

(2) The initial period of the contractual arrangement described in paragraph (1) shall be for a term of five years.

(3) The deferred compensation plan shall continue to constitute a separate plan established and maintained by the adopting employer.

(4) The system shall be treated as acting on behalf of the employer in administering the deferred compensation plan.

(5) The terms and administration of the deferred compensation plan shall be in accordance with the applicable provisions of Section 457 of the Internal Revenue Code.

(6) In administering the deferred compensation plan on behalf of the employer, the board shall have the same investment authority and discretion and be subject to the same fiduciary standards pursuant to

Chapter 4 (commencing with Section 22250), with respect to amounts deferred under the deferred compensation plan as applied by the system with respect to the Teachers' Retirement Fund.

(c) If an employer establishes and maintains a deferred compensation plan described in subdivision (a), the deferred compensation plan shall be offered to all of its employees.

(d) An employee participating in a deferred compensation plan established by an employer under this section shall enter into a written agreement with the employer for the deferral of compensation prior to the performance of the services to which that compensation relates.

(e) If an employer chooses to establish and maintain a deferred compensation plan described in subdivision (a) that is to be administered by the system, the employer shall take all necessary or appropriate action to implement this section in cooperation with the system.

SEC. 23. Section 25000.9 is added to the Education Code, to read: 25000.9. For purposes of this chapter, "nonmember spouse" means a member's spouse or former spouse who is being or has been awarded a community property interest in the service credit, accumulated retirement contributions, accumulated Defined Benefit Supplement account balance, or benefits of the member under this part. A nonmember spouse may not be considered a member based upon his or her receipt of any of the following being awarded to the nonmember spouse as a result of legal separation or dissolution of marriage:

(a) A separate account of service credit and accumulated retirement contributions, a retirement allowance, or an interest in the member's retirement allowance under the Defined Benefit Program.

(b) A separate account based on the member's Defined Benefit Supplement account balance, a retirement benefit, or an interest in the member's retirement benefit under the Defined Benefit Supplement Program.

SEC. 24. Section 25007 of the Education Code is amended to read: 25007. When the board declares an additional earnings credit for a plan year, the board also may declare by plan amendment an additional annuity credit, for members and annuity beneficiaries who are receiving an annuity as of the date specified by the board pursuant to Section 25006, based on the balance of credits transferred from the member's Defined Benefit Supplement account to the Annuitant Reserve. The additional annuity credit, if declared by the board, shall be paid in a lump sum. In addition to the considerations specified in Section 25006, prior to declaring an additional earnings credit, the board shall consider both of the following:

(a) The amount required for the plan year to apply the additional earnings credit to the Defined Benefit Supplement accounts of members



who are not receiving an annuity under the Defined Benefit Supplement Program for the plan year.

(b) Any other obligations incurred by the plan with respect to the Defined Benefit Supplement Program.

SEC. 25. 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. 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 selected 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.

(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. 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 selected 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.

(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.

SEC. 26. 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. 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.

(b) The beneficiary designation made pursuant to Section 24307 is not applicable to benefits payable under this chapter.

SEC. 27. Section 25017 of the Education Code is amended to read:

25017. (a) A member shall receive a disability benefit under the Defined Benefit Supplement Program beginning on the effective date of

the member's disability allowance pursuant to Chapter 25 (commencing with Section 24001) or a disability retirement allowance pursuant to Chapter 26 (commencing with Section 24100) under the Defined Benefit Program.

(b) The member, or the member's employer or conservator on behalf of the member, shall submit an application for a disability benefit on a form prescribed by the system.

SEC. 28. 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 a disability retirement 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. 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 selected 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.

(4) For a member receiving a disability retirement 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. 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 selected 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.

(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.

SEC. 29. Section 25018.5 is added to the Education Code, to read:

25018.5. When a disabled member returns to work in his or her former position of employment or in a comparable level position and within six months of return experiences a recurrence of the original disability, it shall be considered, for the purpose of determining the duration of the disability, that the condition had its onset as of the date the member first became disabled. The former Defined Benefit Supplement disability benefit under this chapter shall again become payable as of the later of the first day of the month in which the recurrence of the disability occurred or the last day of service for which compensation is payable to the member provided the member complies with the provisions of Section 24003.

SEC. 30. Section 25020 of the Education Code is amended to read:

25020. (a) A final benefit under the Defined Benefit Supplement Program shall become payable when the system receives proof of the member’s death.

(b) If the member’s death occurs before an annuity under the Defined Benefit Supplement Program becomes payable, the final benefit shall be an amount equal to the balance of credits in the member’s Defined

Benefit Supplement account on the date of the member's death, plus minimum interest credited through the date of payment.

(c) Upon distribution of a final benefit in a lump-sum payment, no other benefit shall be payable under the Defined Benefit Supplement Program to the member's beneficiary.

SEC. 31. 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 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 beneficiary if the beneficiary elected to receive the final benefit in a lump-sum payment. The annuity shall cease to be payable upon the death of the beneficiary, and no other benefit is payable under the Defined Benefit Supplement Program on account of the death of the member or the member's beneficiary.

(2) 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. 32. Section 25022 of the Education Code is amended to read:

25022. (a) If the death of a member occurs while the member is receiving an annuity under the Defined Benefit Supplement Program, the final benefit shall be payable in accordance with the terms of the annuity elected by the member.

(b) If the member was receiving a single life annuity without a cash refund feature, a final benefit is not payable other than the accrued annuity for the month in which the member's death occurred, which shall be paid in a lump sum to the beneficiary designated by the member pursuant to Section 23300.

(c) If the member was receiving a single life annuity with a cash refund feature, the final benefit shall be payable in a lump sum to the beneficiary designated by the member pursuant to Section 23300.

(d) If the member was receiving a joint and survivor annuity, the annuity shall continue to be paid to the surviving designated annuity beneficiary. If the designated annuity beneficiary predeceases the member, a final benefit is not payable.

(e) If the member was receiving a period certain annuity, the remaining balance of payments shall be paid to the beneficiary designated by the member pursuant to Section 23300.

(f) A member may designate a beneficiary who would, upon the death of the member, be entitled to the member's accrued annuity allowance.

SEC. 33. Section 25022.5 is added to the Education Code, to read:

25022.5. (a) If the death of a nonmember spouse occurs while the nonmember spouse is receiving an annuity under the Defined Benefit Supplement Program, the final benefit shall be payable in accordance with the terms of the annuity elected by the nonmember spouse.

(b) If the nonmember spouse was receiving a single life annuity without a cash refund feature, a final benefit is not payable.

(c) If the nonmember spouse was receiving a single life annuity with a cash refund feature, the final benefit shall be payable in a lump sum to the nonmember spouse's beneficiary.

(d) If the nonmember spouse was receiving a period certain annuity, the remaining balance of payments shall be paid to the payee designated by the nonmember spouse pursuant to Section 22660.

SEC. 34. Section 25023 of the Education Code is amended to read:

25023. (a) Upon the death of an annuity beneficiary who was receiving an annuity under a joint and survivor annuity elected by the member no further payment shall be made other than the accrued annuity for the month in which the annuity beneficiary's death occurred, which shall be paid in a lump sum to the payee designated by the annuity beneficiary.

(b) Upon the death of a beneficiary who was receiving a single life annuity without a cash refund feature, no further payment shall be made other than the accrued annuity for the month in which the beneficiary's death occurred, which shall be paid in a lump sum to the payee designated by the beneficiary.

(c) Upon the death of a beneficiary who was receiving a period certain annuity, the actuarial equivalent of the remaining balance of payments shall be paid in a lump sum to the payee designated by the beneficiary pursuant to subdivision (c) of Section 25015.

SEC. 35. Section 25940 of the Education Code is amended to read:

25940. (a) Effective July 1, 2001, the system shall pay to the federal Center for Medicare and Medicaid Services or a successor agency the

premiums associated with Medicare Part A for retired members described in this section.

(b) This section shall apply only to a retired member of the Defined Benefit Program who: (1) retired prior to January 1, 2001, (2) is not eligible for Medicare Part A without payment of a premium, (3) is at least 65 years of age, and (4) enrolled in Medicare Parts A and B.

(c) The board may extend eligibility for the payments described in this section to members of the Defined Benefit Program who meet the requirements of subdivision (d) and who retire on or after January 1, 2001, within a school year specified by the board, if the board finds that the cost of the payments for members retiring during the specified school year may be paid within the anticipated resources available in the fund, as determined by the actuarial valuation of the program established by this chapter. Any extension of eligibility to members who retire on or after January 1, 2001, shall be provided equally to any member who meets the requirements of subdivision (d) and retires during the school year specified by the board.

(d) (1) Eligibility for the payments described in this section pursuant to subdivision (c) shall be limited to members of the Defined Benefit Program who retire from an employer that either: (A) completed a division pursuant to Section 22156 of the Government Code prior to January 1, 2001; or (B) completed or is conducting a division pursuant to that section on or after January 1, 2001, and, if the member was less than 58 years of age at the time of the division, the member elected to be covered by Medicare.

(2) For purposes of paragraph (1), a division occurs during the 10-day period during which the member has the opportunity to elect to be covered by Medicare pursuant to Section 22156 of the Government Code.

(3) This subdivision shall not apply to a member who retires from a district that either (A) as of January 1, 2001, had no members who were less than 58 years of age and who were hired prior to April 1, 1986, or (B) was created pursuant to a formation or a reorganization on or after April 1, 1986, and prior to January 1, 2001.

(e) The amount paid to the federal Center for Medicare and Medicaid Services or a successor agency pursuant to this section shall include any surcharges applicable to enrollment in Medicare Part A or Part B by members who retired prior to January 1, 2001, and who enrolled in Medicare Parts A and B after the age of 65 years and prior to July 1, 2001. If the system pays the Part A premium and Part B surcharges on behalf of a member and that member later becomes eligible for Part A coverage without payment of a premium, the system shall continue to pay any applicable Part B surcharges on behalf of that member. The board may require a member on whose behalf a surcharge would be paid pursuant



to this subdivision to authorize the system to deduct the Part B premium from the member's retirement allowance as a condition of having the system pay the Part A premium pursuant to this section.

SEC. 36. Section 25955 is added to the Education Code, to read:

25955. To recover an amount overpaid under this part, the monthly allowance payable under the Defined Benefit Program may be reduced by the amount of the overpayment. If the overpayment is not due to fraud or intentional misrepresentation of facts by the recipient of the allowance or benefit, the monthly allowance may be reduced by no more than 5 percent if the overpayment was due to error by the system, the county superintendent of schools, a school district, or a community college district, and by no more than 15 percent if the error was due to inaccurate or omitted information from the recipient of the allowance or benefit.

SEC. 37. Section 26400 of the Education Code is amended to read:

26400. (a) A person employed to perform creditable service for less than 50 percent of the full-time equivalent for the position shall become a participant on the later of the first day on which 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 the person is not subject to mandatory membership in the Defined Benefit Program.

(b) 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 later of the first day on which 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. Any election shall 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.

(c) If subdivision (b) 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 form prescribed by the system and filed with the employer. The election shall become effective on the later of the first day on which creditable service is performed or the effective date of the employer's governing board's action to provide the Cash Balance Benefit Program.

(d) If the participant's basis of employment with an employer that provides the Cash Balance Benefit Program changes to employment to perform creditable service for 50 percent or more of the full-time equivalent for the position, contributions to the Cash Balance Benefit Program on behalf of the participant shall no longer be made and 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 in which the change in the participant's basis of employment occurred.

SEC. 38. 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 sum of the employee account and the employer account 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 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 beneficiary if the beneficiary elected to receive the final benefit in a lump-sum payment. This benefit shall be payable for the life of the beneficiary. Upon the death of the beneficiary, no other benefit shall be payable under this part.

(2) 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. 39. Any section of any act enacted by the Legislature during the 2002 calendar year that takes effect on or before the effective date of this act, 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.

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## CHAPTER 376

An act to add Section 92440.5 to the Education Code, relating to the University of California.

[Approved by Governor September 4, 2002. Filed with  
Secretary of State September 5, 2002.]

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

SECTION 1. Section 92440.5 is added to the Education Code, to read:

92440.5. (a) Notwithstanding any other provision of law, to the extent that the regents adopt or amend a rule or regulation pertaining to the governance and maintenance of the buildings and grounds of the University of California pursuant to this section, addressing the conduct of persons who are not students, officers, or employees of the University of California when that conduct is a threat to persons or property or constitutes interference with functions or activities of the university, the violation of that rule or regulation is a misdemeanor.

(b) (1) A proposed rule or regulation subject to this section shall be reviewed by the regents' office of general counsel for necessity, authority, clarity, consistency, reference, and nonduplication. The office of general counsel may recommend to the regents any action it deems appropriate concerning the proposed rule or regulation.

(2) For purposes of paragraph (1), "necessity," "authority," "clarity," "consistency," "reference," and "nonduplication" have the same meaning as those words are defined by Section 11349 of the Government Code.

(c) Notice of the proposed rule or regulation described in this section shall be available to the public in electronic format and shall be published at least 45 days prior to a public hearing in a newspaper of general circulation in each county in which the regents maintain a campus. The notice shall include the right of the public to comment orally or in writing on the proposed rule or regulation either prior to or during the public hearing.

(d) The public shall be provided the opportunity to comment on the proposed rule or regulation at that public hearing.

(e) The regents shall maintain a rulemaking file containing the public notice, public comments, and minutes of the public hearing, including the action taken.

(f) The rulemaking file maintained pursuant to subdivision (e) shall contain a summary of each objection or recommendation made with an explanation of how the proposed rule or regulation was changed to

accommodate each objection or recommendation, or the reason or reasons for making no change.

(g) The proposed rule or regulation shall be accompanied by an estimate of the effect of the proposed rule or regulation with regard to the costs or savings to the regents, other state or local agency, or any combination.

(h) The regents shall transmit the rule or regulation, as adopted, to the Secretary of State for filing, and, upon publication in the California Code of Regulations, a violation of the rule or regulation is a misdemeanor.

(i) This section may not be utilized to impinge upon the lawful exercise of constitutionally protected rights of freedom of speech or assembly, or the constitutionally protected right of personal privacy.

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.

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## CHAPTER 377

An act to amend Section 6228 of the Family Code, relating to domestic violence.

[Approved by Governor September 4, 2002. Filed with  
Secretary of State September 5, 2002.]

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

SECTION 1. Section 6228 of the Family Code is amended to read:  
6228. (a) State and local law enforcement agencies shall provide, without charging a fee, one copy of all domestic violence incident report face sheets, one copy of all domestic violence incident reports, or both, to a victim of domestic violence, or to his or her representative if the victim is deceased, as defined in subdivision (g), upon request. For purposes of this section, "domestic violence" has the definition given in Section 6211.

(b) A copy of a domestic violence incident report face sheet shall be made available during regular business hours to a victim of domestic violence or his or her representative no later than 48 hours after being requested by the victim or his or her representative, unless the state or

local law enforcement agency informs the victim or his or her representative of the reasons why, for good cause, the domestic violence incident report face sheet is not available, in which case the domestic violence incident report face sheet shall be made available to the victim or his or her representative no later than five working days after the request is made.

(c) A copy of the domestic violence incident report shall be made available during regular business hours to a victim of domestic violence or his or her representative no later than five working days after being requested by a victim or his or her representative, unless the state or local law enforcement agency informs the victim or his or her representative of the reasons why, for good cause, the domestic violence incident report is not available, in which case the domestic violence incident report shall be made available to the victim or his or her representative no later than 10 working days after the request is made.

(d) Any person requesting copies under this section shall present state or local law enforcement with his or her identification, such as a current, valid driver's license, a state-issued identification card, or a passport and, if the person is a representative of the victim, a certified copy of the death certificate or other satisfactory evidence of the death of the victim at the time a request is made.

(e) This section shall apply to requests for face sheets or reports made within five years from the date of completion of the domestic violence incidence report.

(f) This section shall be known, and may be cited, as the Access to Domestic Violence Reports Act of 1999.

(g) (1) For purposes of this section, a representative of the victim means any of the following:

(A) The surviving spouse.

(B) A surviving child of the decedent who has attained 18 years of age.

(C) A domestic partner, as defined in subdivision (a) of Section 297.

(D) A surviving parent of the decedent.

(E) A surviving adult relative.

(F) The public administrator if one has been appointed.

(2) A representative of the victim does not include any person who has been convicted of murder in the first degree, as defined in Section 189 of the Penal Code, of the victim, or any person identified in the incident report face sheet as a suspect. Domestic violence incident report face sheets may not be provided to a representative of the victim unless the representative presents his or her identification, such as a current, valid driver's license, a state-issued identification card, or a passport and a certified copy of the death certificate or other satisfactory evidence of the death of the victim at the time of the request.

SEC. 2. Notwithstanding Section 17610 of the Government Code, 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. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

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CHAPTER 378

An act to amend Section 97 of the Streets and Highways Code, relating to highways.

[Approved by Governor September 4, 2002. Filed with  
Secretary of State September 5, 2002.]

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

SECTION 1. Section 97 of the Streets and Highways Code is amended to read:

97. (a) The department, in consultation with the Department of the California Highway Patrol, shall develop pilot projects in both northern and southern California. The portions of the highways involved in the projects shall be designated and identified as "Safety Enhancement-Double Fine Zones" and shall be in the following locations:

(1) On Route 37, between the intersection with Route 121 and the intersection with Route 29.

(2) On Route 4, between the city limits of Brentwood and the Contra Costa-San Joaquin county line.

(3) On Route 74, at both of the following locations:

(A) Between the intersection with Route 5 and the intersection with the Riverside-Orange county line.

(B) Between the junction with Route 15 and the intersection with Seventh Street in the City of Perris.

(4) On Route 46, between the intersection with Route 101 and the junction with Route 41.

(5) On the Golden Gate Bridge.

(6) On Route 12, between the intersection with Walters Road in the City of Suisun and the intersection with Lower Sacramento Road in the City of Lodi.

(7) On Route 138, between the intersection with Avenue T and Pearblossom Highway and the intersection with Interstate Highway Route 15.

(8) On Route 101, at both of the following locations:

(A) Between the intersection with Boronda Road and the intersection with the San Benito-Monterey county line.

(B) The five-mile segment between the Eureka Slough Bridge No. 4-22 to the Gannon Slough Bridge No. 4-24 in Arcata.

(9) On Route 152, between the junction with Route 156 at the Don Pacheco "Y" and the intersection with Ferguson Road.

(10) On Route 2, between the city limits of La Canada Flintridge and the intersection with Route 39.

(b) (1) The department shall adopt rules and regulations prescribing uniform standards for warning signs to notify motorists that, pursuant to Section 42010 of the Vehicle Code, increased penalties apply for traffic violations that are committed within Safety Enhancement-Double Fine Zones. The rules and regulations adopted by the department shall include, but not be limited to, a requirement that Safety Enhancement-Double Fine Zones be identified with signs stating: "Special Safety Zone Begins Here" and "Special Safety Zone Ends Here."

(2) The department or local authorities, with respect to highways under their respective jurisdictions, shall place and maintain the warning signs specified in paragraph (1) in areas designated under subdivision (a).

(3) The department shall report to the Legislature on January 1, 2003, on the results of these pilot projects with the exception of those described in paragraph (2) of, and subparagraph (B) of paragraph (8) of, subdivision (a), including a determination of whether the projects were successful. In its report, the department shall update the January 1, 1998, report, and shall provide a detailed analysis on the impact of the pilot projects on highway safety, including, but not limited to, the number of accidents, traffic injuries, and fatalities in the project areas; and, in consultation with the Department of the California Highway Patrol, recommend specific criteria for designation of a highway as a Safety Enhancement-Double Fine Zone. A determination that the projects were successful shall be based upon a showing that a statistically significant decrease in the number of accidents, traffic injuries, and fatalities has occurred in the project areas. The department shall report to the Legislature on or before January 1, 2004, on the results of the pilot projects described in paragraph (2) of, and subparagraph (B) of paragraph (8) of, subdivision (a).

(c) Designation of a highway as a Safety Enhancement-Double Fine Zone does not increase the civil liability of the state 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.

(d) (1) Only the base fine shall be enhanced pursuant to this section.

(2) Notwithstanding any other provision of law, any additional penalty, forfeiture, or assessment imposed by any other statute shall be based on the amount of the base fine before enhancement or doubling and shall not be based on the amount of the enhanced fine imposed pursuant to this section.

(e) The pilot projects specified in subdivision (a) shall not be elevated in priority for state funding purposes.

(f) (1) Subject to paragraph (3), the County of Monterey, in consultation with the Department of the California Highway Patrol, shall establish and administer a Safety Enhancement-Double Fine Zone pilot project that meets all of the requirements of this section on County Road 16 (also known as Carmel Valley Road) between the junction with Route 1 and the junction with Camp Stefani Road. The county shall assume all responsibilities that would otherwise accrue to the department for the administration of a pilot project under this section and shall administer the pilot project in accordance with the rules and regulations adopted by the department for the administration of a Safety Enhancement-Double Fine Zone.

(2) The county, in consultation with the California Highway Patrol, shall coordinate the evaluation of the Carmel Valley Road pilot project with the department to enable inclusion of that evaluation in the report submitted by the department to the Legislature under paragraph (3) of subdivision (b).

(3) (A) The county shall submit the evaluation described in paragraph (2) to the department on or before January 1, 2004.

(B) If the county fails to submit the evaluation on or before January 1, 2004, that failure shall result in the immediate termination of the Carmel Valley Road pilot project authorized in this subdivision.

(g) This section shall remain in effect only until January 1, 2004, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2004, deletes or extends that date.

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## CHAPTER 379

An act making appropriations for the support of the government of the State of California and for several public purposes in accordance with the provisions of Section 12 of Article IV of the Constitution of the State of California, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 5, 2002. Filed with Secretary of State September 5, 2002.]

I object to the following appropriations contained in Assembly Bill 425.

Item 0450-101-0932—For local assistance, State Trial Court Funding. I reduce this item from \$2,069,477,000 to \$2,068,677,000 by reducing:

(1) 10—Support for the operation of the Trial Courts from \$1,872,495,000 to \$1,871,695,000.

I am deleting the \$800,000 legislative augmentation to increase funding for family court services activities. Although this program is meritorious, deletion of funding for this program expansion is necessary in light of current fiscal constraints. With this action, \$111.5 million remains to support family court services.

Item 0450-111-0001—For transfer by the Controller to the Trial Court Trust Fund. I reduce this item from \$1,108,568,000 to \$1,079,568,000.

I am deleting the \$800,000 legislative augmentation to increase funding for family court services activities to conform to the action taken in Item 0450-101-0932.

I am reducing this transfer by \$28,200,000 on a one-time basis. This is a technical adjustment consistent with the January 10 proposal to reduce the 2001–02 transfer by this amount. Since the transfer to the Trial Court Trust Fund for fiscal year 2001–02 was inadvertently not reduced, this action is necessary and will still provide sufficient resources in the Trial Court Trust Fund to meet the level of appropriation provided in this act for 2002–03.

Item 0860-490—Reappropriation, Board of Equalization. I revise this item from \$639,000 to \$339,000 as follows:

“Notwithstanding any other provision of law, as of June 30, 2002, the unencumbered balance of the appropriation, not to exceed ~~\$639,000~~ \$339,000, provided in the following citations are reappropriated until June 30, 2003, upon review and approval of the Department of Finance for (1) preliminary plans, working drawings, or construction of any project for the alteration of a state or leased facility to facilitate the transition of new Board of Equalization members; and (2) the upgrade of one of the two CEA 1 allocations to the CEA 2 level in each of the elected Board Member offices to recognize the increased level of duties and responsibilities required.

0001—General Fund

(1) Item 0860-001-0001, 10000000-Personal services, Budget Act of 2001 (Ch. 106, Stats. 2001)

(2) Item 0860-001-0001, 30000000-Operating Expenses and Equipment, Budget Act of 2001 (Ch. 106, Stats. 2001)”

I am deleting \$300,000 of the \$639,000 reappropriation, which was for the purposes of facility upgrades for incoming Board members and upgrades of Board member positions. My reduction will enable \$300,000 to revert to the General Fund.

Item 0954-101-0001—For local assistance, Scholarshare Investment Board. I revise this item by deleting Provision 2.

I am deleting Provision 2, which states legislative intent to delay payments for 9th and 10th grade awards for the Governor’s Scholars Program by one year. Current law requires that awards be provided to all students who meet the criteria for an award under this program. Therefore, this language expresses intent to enact a substantive

change of law, which can only be included within a single subject bill, not the Budget Act.

Item 1730-001-0001—For support of the Franchise Tax Board. I reduce this item from \$402,384,000 to \$401,298,000 by reducing:

(1) 10-Tax Programs from \$384,174,000 to \$383,088,000.

I am deleting the legislative augmentation of \$250,000 for the City Business Tax Program that allows the Franchise Tax Board to purchase information regarding local business tax licenses from cities. This reduction is necessary to provide for a prudent General Fund reserve in light of the State's current fiscal condition.

I am deleting the legislative augmentation of \$836,000 and 21.5 personnel years, which would provide funding for the tax assistance call center. While I am supportive of efforts in this area, I am unable to support this augmentation due to fiscal constraints and limited resources in the General Fund. With this action, approximately \$15 million in funding remains for the call center.

Item 2240-104-0001—For transfer, upon order of the Director of Finance, to the Farmworker Housing Grant Fund. I reduce this item from \$13,984,000 to \$10,984,000 and by deleting Provision 2.

I am reducing this item by \$3,000,000 and deleting Provision 2. This reduction is necessary to keep State spending growth in line with revenues and provide for a prudent General Fund reserve for economic uncertainties. At my Homelessness Summit in April 2002, I signed the Housing and Emergency Shelter Trust Fund Act of 2002, which places a \$2.1 billion housing bond on the November 5, 2002, general election ballot. If approved by the voters, that bond would provide an unprecedented \$200 million for farmworker housing programs.

I am deleting Provision 2 to conform to this action. That provision would decrease this item by \$8,500,000 only if the voters in the November general election approve the Housing and Emergency Shelter Trust Fund Act of 2002.

Item 2640-102-0046—For local assistance, Special Transportation Programs. I delete this item.

I am deleting the \$5,100,000 legislative augmentation for Special Transportation Programs. The program will receive its statutory allocation of \$98,018,000 even with this deletion. I am taking this action to conform the budget to the extent possible to the 2002 State Transportation Improvement Program (STIP) Fund Estimate. The Fund Estimate identifies \$39.2 million of Public Transportation Account funds available for allocation by the California Transportation Commission for intercity rail and other projects through the STIP. I cannot support an augmentation for Special Transportation Programs at this time because the resources available for STIP allocations will be less than estimated and I want to ensure the retention of any available resources for that purpose.

Item 2660-013-0042—For transfer by the Controller, upon order of the Director of Finance, from the State Highway Account, State Transportation Fund, to the Traffic Congestion Relief Fund. I revise this item by deleting Provision 2.

I am deleting Provision 2 that requires the transfer from the State Highway Account to the Traffic Congestion Relief Fund be made on an "as needed" basis rather than once at the beginning of the fiscal year. This language would require additional monitoring and accounting activities by the Department of Transportation, the Department of Finance, and the State Controller's Office that would otherwise not be necessary, which results in additional costs to the State. As such, this language is unnecessarily restrictive and interferes with the Administration's ability to manage State programs.

Item 2660-491—Reappropriation, Department of Transportation. I revise this item by deleting Schedule (3) under 0001-General Fund of this item.

I am deleting Schedule (3) by reducing the amount available for reappropriation by \$1,500,000 in unexpended funds in Item 2660-101-0001, Budget Act of 2000, for the purpose of a transit station project in Santa Clara County. My veto will enable the \$1,500,000 to revert to the General Fund. The reappropriation would have redirected the funds to a child care facility project adjacent to the transit station. Notwithstanding the merits of this project, this action is essential due to limited resources in the General

Fund. It should be noted that this Budget Act contains \$1,403,396,000 in State funds for the Department of Education to fund child development and childcare programs. Additionally, the Department of Housing and Community Development administers a loan program for the construction of new childcare facilities.

Item 2660-496—Reversion, Department of Transportation. I revise this item by decreasing Schedule (1) by \$16,937,000 and Schedule (2) by \$48,720,000.

I am revising Schedules (1) and (2) as follows to provide funds for unanticipated encumbrances for transportation projects:

0042—State Highway Account

(1) Item 2660-101-0042, Budget Act of 1998 (Ch. 324, Stats. 1998)

(a) 20.25-Highway Transportation—State Local Partnership ~~\$88,937,000~~  
\$72,000,000

(2) Item 2660-101-0042, Budget Act of 1999 (Ch. 50, Stats. 1999)

(a) 20.30-Highway Transportation—Local Assistance ~~\$65,720,000~~  
\$17,000,000

Item 2920-001-0001—For support of Technology, Trade, and Commerce Agency. I reduce this item from \$20,719,000 to \$20,468,000 by reducing:

(3) 10-Economic Development from \$7,445,000 to \$7,345,000;

(4) 20-International Trade and Investment from \$3,814,000 to \$3,664,000;

(8) 60-Economic Research and Strategic Initiatives from \$563,000 to \$562,000;

and by deleting Provision 2.

I am reducing funding for the Office of Military Base Reuse and Retention by \$100,000. This reduction is necessary to help provide for a prudent General Fund reserve in light of the State's current fiscal condition. This reduction is consistent with the reductions I proposed for this program in the May Revision. With this reduction, \$193,000 still remains to support the Office of Military Base Reuse and Retention. The next round of military facility closures will not take place until 2005, allowing time to reconsider this program's funding in 2003–04 to the extent fiscal conditions then allow.

I am reducing funding for the evaluation of the foreign trade offices by \$150,000. AB 3000, the general government trailer bill to the 2002–03 Budget Bill includes provisions that will require any proponents of a new foreign trade office to submit a proposed business plan for any newly proposed international trade office. The Technology, Trade, and Commerce Agency will evaluate any new offices proposed by this Administration from within its existing funding. As such, additional funds are not required for this activity.

I am reducing this item by \$1,000 from Economic Research and Strategic Initiatives and deleting Provision 2, which would declare the Legislature's intent that, although no additional funds are appropriated in this item, the activities of the California Economic Strategy Panel shall be funded from this item. This agency's budget constraints do not permit redirecting resources to fund the activities of the panel.

Item 2920-011-0001—For support of Technology, Trade, and Commerce Agency. I reduce this item from \$5,192,000 to \$4,692,000 by reducing:

(1) For transfer to the Small Business Expansion Fund (0918) from \$5,162,000 to \$4,662,000,

and by deleting Provision 1.

I am reducing this item by \$500,000 and deleting Provision 1, which would specify that these funds are for the establishment of the Small Business Financial Development Corporation in southeast Los Angeles. The need for such a new financial development corporation has not been demonstrated, and there are several of the 11 existing financial development corporations already located in the Los Angeles area. This reduction is also necessary to limit program expansions and provide for a prudent General Fund reserve in light of the State's current fiscal condition.

Item 3110-001-0001—For support of Special Resources Programs. I reduce this item from \$430,000 to \$200,000 and delete Provision 1.

This item provides matching funds for federal grants under the National Sea Grant College Program Act. Over the past three years, I have provided over \$2.3 million for grants associated with this program. I believe this program has merit and have committed this Administration to increased participation in accordance with my envi-

ronmental protection priorities. However, these reductions are necessary to limit program expansions and provide for a prudent General Fund reserve in light of the State's current fiscal condition. With these reductions, \$200,000 still remains to support the Sea Grant program. Matching grants for this year should be evaluated and prioritized within the \$300 million research budget for the University of California.

I am deleting Provision 1, which would have allocated \$80,000 of this item to the University of Southern California. I support the existing grant allocation process that is the statutory responsibility of the Resources Agency, acting upon recommendation from the Sea Grant Advisory Panel. This deletion conforms to the appropriation reductions specified above.

Item 3360-001-0465—For support of Energy Resources Conservation and Development Commission. I reduce this item from \$51,247,000 to \$49,247,000 by reducing:

(2) 20-Energy Resources Conservation from \$23,532,000 to \$21,532,000.

I am reducing the legislative augmentation for Dairy Waste-to-Energy Programs from \$5,000,000 to \$3,000,000. I believe that this level of funding will serve the important goals of helping to address water pollution problems associated with dairies and providing an additional source of fuel to generate energy without resulting in the need to increase surcharges on California's electric customers.

Item 3810-301-6029—For capital outlay, Santa Monica Mountains Conservancy. I reduce this item from \$20,000,000 to \$12,000,000 by reducing:

(1) 50.20.001-Capital outlay acquisitions from \$20,000,000 to \$12,000,000.

I have submitted an expenditure plan for Proposition 40 that meets current environmental acquisition priorities for the Santa Monica Mountains Conservancy Zone and the Rim of the Valley Corridor, and is fiscally responsible. Reduction of this item corresponds to the expenditure priorities associated with that plan.

Item 3835-301-6029—For capital outlay, Baldwin Hills Conservancy. I reduce this item from \$20,000,000 to \$15,000,000.

(1) 20-Capital Outlay Acquisition and Improvement Program from \$35,000,000 to \$30,000,000.

I have submitted an expenditure plan for Proposition 40 that meets current environmental acquisition priorities for the Baldwin Hills Conservancy and is fiscally responsible. Reduction of this item corresponds to the expenditure priorities associated with that plan.

Item 3860-001-6029—For support of Department of Water Resources. I delete this item and Provision I to make a technical correction to the Budget Bill.

This technical veto will conform to the Legislature's intent; the funding provided in this item is duplicative of Item 3860-001-6031. Therefore, in order to correct this technical error in the Budget Bill, I am deleting this item.

Item 3900-001-0044—For support of State Air Resources Board. I reduce this item from \$55,654,000 to \$53,854,000 by reducing:

(1) 15-Mobile Source from \$101,157,000 to \$99,357,000.

I am deleting the \$1,300,000 legislative augmentation for Community Health and the \$500,000 legislative augmentation for Global Warming. Although meritorious, these program expansions cannot be funded at this time because of fiscal constraints and limited resources in the Motor Vehicle Account. With this action, \$2,235,000 still remains to support the Community Health program.

Item 3900-101-0044—For local assistance, State Air Resources Board. I reduce this item from \$15,111,000 to \$10,111,000 by reducing:

(1) 35-Subvention from \$15,111,000 to \$10,111,000.

I am deleting the \$5,000,000 legislative augmentation for subventions to local air districts. This action is necessary because of fiscal constraints and limited resources in the Motor Vehicle Account. With this action, \$10,111,000 still remains for local air districts.

Item 3980-001-0001—For support of Office of Environmental Health Hazard Assessment. I reduce this item from \$12,929,000 to \$12,220,000 by reducing:

(1) 10-Health Risk Assessment from \$15,997,000 to \$15,288,000.

I am deleting the \$709,000 legislative augmentation for risk assessments, evaluations of contaminants, and the development of standards. This action is necessary to keep State spending growth in line with revenues and provide for a prudent General Fund reserve for economic uncertainties. With this action, \$15,288,000 still remains to support the Office of Environmental Health Hazard Assessment.

Item 4120-101-0001—For local assistance, Emergency Medical Services Authority. I reduce this item from \$31,486,000 to \$26,486,000 by reducing:

(1) 10-Emergency Medical Services Authority from \$40,005,000 to \$35,005,000, and by revising Provision 7.

I am sustaining \$20,000,000 and vetoing \$5,000,000 of the \$25,000,000 legislative augmentation for support of the state's trauma system providers. Recognizing trauma centers have experienced increasing fiscal pressure, I sustained \$25,000,000 in 2001-02 to assist the State's trauma care providers. This reduction is necessary in light of the State's current fiscal constraints.

I am revising Provision 7 to conform to this action.

"7. The State Controller shall transfer \$25 \$20 million in funds appropriated in this item to the Trauma Care Fund."

Item 4130-490—Reappropriation, California Health and Human Services Agency Data Center. I revise this item by revising Provision 1.

In order to correct a technical error in the Budget Bill, I am amending Provision 1 by deleting the requirement that the amount of funding reappropriated for automation projects be consistent with the amount approved by the Department of Information Technology (DOIT) in a special project report or equivalent document. As statutory authority for the DOIT expired on June 30, 2002, this language is no longer applicable.

"1. It is the intent of this item to continue funding approved activities for the automation projects that, due to schedule changes, result in unexpended appropriations one year and the need for additional funding in the following year. Therefore, notwithstanding any other provision of law, the balance of the appropriations for these automation projects may, upon approval of the Department of Finance, be reappropriated for transfer to and in augmentation of the corresponding items in this act. The funds reappropriated by this provision shall be made available consistent with the amount approved by the Department of Finance and the Department of Information Technology based on an approved special project report or equivalent document not sooner than 30 days after providing notification in writing to the chairperson of the fiscal committee of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee."

Item 4260-001-0001—For support of Department of Health Services. I revise this item by reducing:

(1) 10-Public and Environmental Health from \$309,846,266 to \$284,446,266;

(41) Amount payable from the Federal Trust Fund (Item 4260-001-0890) from -\$358,240,000 to -\$332,840,000;

and by deleting Provision 4.

I am reducing the amount payable from the Federal Trust fund by \$25,400,000 as a technical adjustment. This funding, intended to support the State's efforts to combat bioterrorism, has been included in a separate appropriation bill, SB 406. Therefore, inclusion in Budget Act totals is no longer necessary. I am also deleting \$25,400,000 from the Federal Trust Fund in Item 4260-001-0890 to conform to this action.

The May Revision proposed, and the Legislature approved, 91 State positions and funding for 43 contract staff for the Department to expand the Medical Case Management Program (MCMP). The MCMP provides in-home care to severely ill Medi-Cal beneficiaries, allowing them to avoid costly institutional care. Savings of \$18 million (\$9 million General Fund) were adopted to reflect this expansion. To achieve the budgeted savings, the Department requires a total of 91 staff. Therefore, the total of 134 staff approved for this activity is overstated by 43.

In addition to the MCMP expansion, the Legislature also approved additional savings-generating activities proposed in the May Revision. However, an insufficient

number of positions were proposed, and subsequently approved by the Legislature, to achieve the estimated savings through those activities. Therefore, I am directing the Department of Health Services to utilize 12 of the excess 43 MCMP positions as appropriate to ensure that the Department meets the savings targets adopted by the Legislature. I am eliminating the remaining 31 excess positions. However, I am allowing the department to retain the funding and directing Department of Health Services to fill the positions as soon as possible to ensure that the savings are achieved.

I am deleting Provision 4 as a technical adjustment. This language was included in the 2001–02 Budget Act to govern funding for the Medi-Cal assisted living waiver benefit. A portion of the funding is reappropriated to 2002–03 through Item 4260-490. Therefore, this provision is no longer necessary.

Item 4260-001-0890—For support of Department of Health Services. I reduce this item from \$357,215,000 to \$331,815,000.

I am reducing this item by \$25,400,000 to conform to the action I have taken in Item 4260-001-0001.

Item 4260-101-0001—For local assistance, Department of Health Services. I reduce this item from \$9,789,639,000 to \$9,749,203,000 by reducing:

- (1) 20.10.010-Eligibility (County Administration) from \$1,523,866,000 to \$1,464,257,000;
- (3) 20.10.030-Benefits (Medical Care and Services) from \$23,172,770,000 to \$23,156,945,000;
- (5) Amount payable from the Federal Trust Fund (Item 4260-101-0890) from –\$14,951,031,000 to –\$14,916,033,000;

and by deleting Provisions 12 and 15.

I am deleting Provision 12. Due to the delay of the budget, September 30, 2002 is no longer a meaningful date for a facility to apply for reimbursement through the Wage Adjustment Rate Program, as described in Section 14110.65 of the Welfare and Institutions Code. Nonetheless, a specific timeframe for when nursing homes can submit a plan is necessary. As such, I am directing the Department of Health Services to issue instructions that allow submittal of a rate adjustment request form up until 30 days after the effective date of the final regulations.

Partially restoring the rates paid to Medi-Cal providers is a priority of my Administration as well as the Legislature. In order to accomplish the intent of the Legislature, the Director of the Department of Health Services will be reducing the provider rates to the pre-August 2000 level, pursuant to AB 442. I am sustaining funding to allow exemptions, as prescribed in AB 442, from provider rate reductions for the following services: California Children's Services, non-emergency medical transportation, home health services, shift nursing, and family planning physician services. However, the Director can then use existing authority to develop regulations that would partially restore Medi-Cal provider rates by implementing my January 10 budget proposal and rescinding the May Revision rate reductions. The rescission of the May Revision provider rate reductions would take effect retroactively to the date of my signing AB 442, the omnibus health trailer bill. Any funding adjustments needed to effectuate these outcomes will be addressed in my revised 2002–03 budget submitted to the Legislature in January 2003.

I am sustaining \$58,959,000 of the \$87,959,000 legislative augmentation which restored the 20 percent reduction I proposed in Medi-Cal county administration funding. The total funding provided represents an approximate 6 percent reduction for counties to continue the work they perform on behalf of the State. This reduction is necessary in light of the State's fiscal constraints and is consistent with General Fund reductions being applied to State agencies and departments. In addition, I am sustaining the \$58,959,000 of the \$87,959,000 legislative augmentation to the Federal Trust Fund, Item 4260-101-0890, to conform to this action.

I am deleting the \$5,997,000 legislative augmentation for implementation of the Medi-Cal expansion that on July 1, 2002, would link children's Medi-Cal eligibility with eligibility for the National School Lunch Program, pursuant to Chapter 894, Statutes of 2001 (AB 59). Although I am supportive of this program, it would not be



fiscally prudent to implement this program expansion given the current economic situation. I am deleting \$5,998,000 from the Federal Trust Fund, Item 4260-101-0890 to conform to this action. I am also deleting Provision 15 to conform to this action.

I am deleting the \$5,439,000 legislative augmentation that reflected the rejection of my proposal to implement a county share of cost associated with the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program. The May Revision proposed to require counties to provide a 10 percent match to any new growth in the cost of the EPSDT Program. It is my intention to proceed administratively to implement this reform. This match will give counties an incentive to control costs for this program, which have recently been increasing by over 30 percent per year.

Item 4260-101-0890—For local assistance, Department of Health Services. I reduce this item from \$14,951,031,000 to \$14,916,033,000.

I am reducing this Item by \$34,998,000 to conform to the action I have taken in Item 4260-101-0001.

Item 4260-111-0001—For local assistance, Department of Health Services. I reduce this item from \$425,121,000 to \$423,121,000 by reducing:

- (2) 10.20.010-Environmental Management from \$26,344,000 to \$944,000;
- (9) 20.40-Primary Care and Family Health from \$1,502,101,430 to \$1,498,101,430; and
- (20) Amount payable from the Federal Trust Fund (Item 4260-111-0890) from  $-\$1,078,375,000$  to  $-\$1,050,957,000$ .

I am deleting the \$2,000,000 legislative augmentation to update the Children's Health and Disability Prevention Program (CHDP) periodicity schedule. The Department of Health Services reviews the appropriateness of care provided in CHDP within programmatic and fiscal constraints. Due to fiscal constraints and limited General Fund resources, I cannot support an augmentation for this program expansion. In addition, the administration has proposed the CHDP Gateway to pre-enroll children into Medi-Cal or the Healthy Families Program so that they would receive comprehensive medical care in addition to health screening.

I am also deleting the \$2,000,000 legislative augmentation from the Federal Trust Fund in Item 4260-111-0890 to conform to this action.

I am reducing the amount payable from the Federal Trust fund by \$25,400,000 as a technical adjustment. This funding, intended to support the State's efforts to combat bioterrorism, has been included in a separate appropriation bill, SB 406. Therefore, inclusion in Budget Act totals is no longer necessary. I am also deleting \$25,400,000 from the Federal Trust Fund in Item 4260-111-0890 to conform to this action.

Item 4260-111-0236—For local assistance, Department of Health Services. I revise this item by deleting Provision 1.

I am deleting Provision 1 which would redirect funding from the California Healthcare for Indigents Program to the Children's Treatment Program (CTP). Although I am very supportive of children's health care programs, this provision reduces the Administration's flexibility in providing funds to local health care providers. In addition, the new Child Health and Disability Prevention Gateway Program should greatly mitigate the need for CTP funding by placing large numbers of children in comprehensive health care in either the Medi-Cal or Healthy Families Program.

Item 4260-111-0890—For local assistance, Department of Health Services. I reduce this item from \$1,078,357,000 to \$1,050,957,000.

I am reducing this item by \$27,400,000 to conform to the action I have taken in Item 4260-111-0001.

Item 4260-113-0001—For local assistance, Department of Health Services. I reduce this item from \$29,791,000 to \$22,125,000 by reducing:

- (1) 20.10.010-Eligibility (County Administration) from \$12,709,000 to \$11,547,000;
- (3) 20.10.030-Benefits (Medical Care and Services) from \$80,620,000 to \$59,722,000; and
- (4) Amount payable from the Federal Trust Fund (Item 4260-113-0890) from  $-\$63,630,000$  to  $-\$49,236,000$ .

I am deleting the \$7,666,000 legislative augmentation for the Medi-Cal to Healthy Families two-month bridge. I have already provided \$13.6 million (\$4.7 million General Fund) for a one-month coverage bridge for children. Although I am supportive of providing a coverage bridge for children transitioning from Medi-Cal to the Healthy Families Program, I cannot support extending this program for an additional month or expanding the program to include parents due to fiscal constraints and limited General Fund resources.

I am also deleting the \$14,394,000 legislative augmentation from the Federal Trust Fund in Item 4280-113-0890 to conform to this action.

Item 4260-113-0890—For local assistance, Department of Health Services. I reduce this item from \$63,630,000 to \$49,236,000.

I am reducing this item by \$14,394,000 to conform to the action I have taken in Item 4260-113-0001.

Item 4260-301-0001—For capital outlay, Department of Health Services. I delete this item to make a technical correction to the Budget Bill.

The May Revision proposed deletion of this item with which the Legislature concurred. However, the item was inadvertently left in the final version of the Budget Bill. This technical veto will conform the Budget Act to the May Revision.

Item 4260-490—Reappropriation, Department of Health Services. I revise this item by revising Provision 1.

In order to correct a technical error in the Budget Bill, I am amending Provision 1 by deleting the requirement that the amount of funding reappropriated for automation projects be consistent with the amount approved by the Department of Information Technology (DOIT) in a special project report or equivalent document. As statutory authority for the DOIT expired on June 30, 2002, this language is no longer applicable.

“1. It is the intent of this item to continue funding approved activities for the automation projects that, due to schedule changes, result in unexpended appropriations one year and the need for additional funding in the following year. Therefore, notwithstanding any other provision of law, the balance of the appropriations for these automation projects may, upon approval of the Department of Finance, be reappropriated for transfer to and in augmentation of the corresponding items in this act. The funds reappropriated by this provision shall be made available consistent with the amount approved by the Department of Finance and the Department of Information Technology based on an approved special project report or equivalent document not sooner than 30 days after providing notification in writing to the chairperson of the fiscal committee of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.”

Item 4280-101-0001—For local assistance, Managed Risk Medical Insurance Board. I reduce this item from \$69,709,000 to \$19,695,000 by reducing:

- (2) 40-Healthy Families Program from \$771,619,000 to \$634,791,000; and
- (4) Amount payable from the Federal Trust Fund (Item 4280-101-0890) from -\$479,448,000 to -\$392,634,000.

I am deleting the \$50,014,000 legislative augmentation for the Healthy Families Program (HFP) Parent Expansion. Although I am supportive of expanding Healthy Families coverage to include parents, I cannot support this augmentation and program expansion due to fiscal constraints and limited General Fund resources. I am also deleting the \$86,814,000 legislative augmentation from the Federal Trust Fund in Item 4280-101-0890 to conform to this action.

Item 4280-101-0890—For local assistance, Managed Risk Medical Insurance Board. I reduce this item from \$479,448,000 to \$392,634,000.

I am reducing this item by \$86,814,000 to conform to the action I have taken in Item 4280-101-0001.

Item 4280-102-0001—For local assistance, Managed Risk Medical Insurance Board. I reduce this item from \$4,009,000 to \$1,593,000 by reducing:

- (1) 40-Healthy Families Program from \$48,292,000 to \$41,788,000, and

- (3) Amount payable from the Federal Trust Fund (Item 4280-102-0890) from -\$32,869,000 to -\$28,781,000.

I am deleting the \$2,416,000 legislative augmentation for the Healthy Families Program Parent Expansion. Although I am supportive of expanding Healthy Families coverage to include parents, I cannot support this augmentation and program expansion at this time due to fiscal constraints and limited General Fund resources. I am also deleting the \$4,088,000 legislative augmentation from the Federal Trust Fund in Item 4280-102-0890 to conform to this action.

Item 4280-102-0890—For local assistance, Managed Risk Medical Insurance Board. I reduce this item from \$32,869,000 to \$28,781,000.

I am reducing this item by \$4,088,000 to conform to the action I have taken in Item 4280-102-0001.

Item 4300-101-0001—For local assistance, Department of Developmental Services. I reduce this item from \$1,458,170,000 to \$1,452,555,000 by reducing:

- (2) 10.10.020-Purchase of Services from \$1,780,703,000 to \$1,775,088,000.

I am deleting the \$5,615,000 legislative augmentation for Community Placement Plan activities. The Legislature provided an augmentation for one-time grants to develop community resources. In my January Budget, I proposed a total of \$50,220,000 for Community Placement Plan activities, including an augmentation of \$20,400,000. This reflected my ongoing commitment to provide community-based services to developmentally disabled consumers. With this base reduction, the funding level I proposed in my January Budget will be maintained to facilitate the movement of Developmental Center consumers into the community.

Item 4440-001-0001—For support of Department of Mental Health. I reduce this item from \$28,442,000 to \$28,172,000 by reducing:

- (1) 10-Community Services from \$33,679,000 to \$33,409,000, and by deleting Provision 2.

I am deleting \$150,000 for county plans for children's mental health services pursuant to legislation (AB 2740) to be enacted during the 2001-02 regular session. The counties are already required to assess mental health needs and develop plans to meet those needs. Section 5772 of the Welfare and Institutions Code requires the local mental health boards at the county level to complete these responsibilities. Since these bodies already exist and have the responsibility for developing plans to meet mental health needs, additional systems and funding do not appear to be needed. Consequently, I cannot support this augmentation at this time.

I am also deleting \$120,000 and Provision 2, which requires that \$120,000 in General Fund savings achieved through the elimination of vacant positions be redirected for the Protection and Advocacy, Inc., contract. In my January Budget, I proposed to reduce the contract for patient rights advocacy from \$800,000 to \$680,000 to achieve General Fund savings. The reduction to the patients' rights contract will reduce administrative expenses and will not affect the availability of services to assist individuals with mental illness. However, the Legislature subsequently redirected \$120,000 to restore the proposed reduction to the patients' rights contract. Although I am supportive of patient rights advocacy, I cannot support this legislative augmentation at this time due to fiscal constraints and limited General Fund resources.

Item 4440-101-0001—For local assistance, Department of Mental Health. I reduce this item from \$106,128,000 to \$80,328,000 by reducing:

- (1) 10.25-Community Services—Other Treatment from \$1,142,885,000 to \$1,127,446,000;  
 (3) 10.47-Community Services—Children's Mental Health Services from \$33,800,000 to \$20,000,000; and  
 (6) Reimbursements from -\$1,081,852,000 to -\$1,076,413,000;

and by deleting:

- (2) 10.40-Community Services—Adult System of Care (\$2,000,000).

I am sustaining \$20,000,000 of the \$33,800,000 legislative augmentation provided for Children's System of Care (CSOC). I note with concern that this program has been unable to provide outcome data for all the children served by this program or docu-

mented cost savings in the same manner as the Integrated Services for Homeless Adults (ISHA) program. However, I remain supportive of children's mental health programs, and note that, this Administration provided sufficient funding to implement the CSOC statewide with a \$15.5 million General Fund augmentation in 2000–01, bringing total funding to \$41.9 million General Fund. I reduced the program by \$2.1 million last year because of the State's economic situation. At that time, I noted that \$13 million for mental health services for children in the Healthy Families Program was available to assist children who were not eligible for Medi-Cal. This year, the fiscal challenges facing the State are even greater. Finally, I am directing the Department of Mental Health to restructure the CSOC to provide better accountability and documented cost savings.

I am reducing \$10,000,000 for ISHA. I note that this Administration launched this program in 1999–00 with \$10 million, and subsequently provided significant augmentations: \$45.6 million in 2000–01, and \$10 million in 2001–02, for a total funding of \$65.6 million. However, the State's current fiscal challenges necessitate this \$10 million reduction. At my Homelessness Summit in April 2002, I signed the Housing and Emergency Shelter Trust Fund Act of 2002, which places a \$2.1 billion housing bond on the November 5, 2002, general election ballot. If approved by the voters, this bond would provide \$195 million for 2,380 to 2,530 of units of transitional housing and \$195 million for emergency shelters to assist an estimated 31,160 homeless adults.

I am eliminating \$2,000,000 for the Adult Systems of Care. I proposed this reduction as part of the May Revision, and the Legislature restored the funding. The Adult Systems of Care program is a categorical program, supplementing the realignment funding the counties receive. The counties will receive over \$1.1 billion in Realignment funding for mental health services and have an incentive to continue this program as offsetting savings occur predominately at the local level.

I am reducing reimbursements by \$5,439,000 to delete the legislative augmentation that reflected the rejection of my proposal to implement a county share in the costs associated with the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program. The May Revision proposed to require counties to provide a 10 percent match to any new growth in the cost of the EPSDT Program. It is my intention to proceed administratively to implement this reform. This match will give counties an incentive to control costs for this program, which have recently been increasing by over 30 percent per year. This conforms to my action in Item 4260-101-0001. I am highly supportive of children's mental health programs and note that I am sustaining \$20 million for the CSOC program.

Item 4440-101-0890—For local assistance, Department of Mental Health. I reduce this item from \$59,629,000 to \$57,629,000 by deleting:

- (1.5) 10.47-Community Services—Children's Mental Health Services (\$2,000,000).

I am reducing \$2,000,000 for the Children's Mental Health Services to conform to my action for the Children's Systems of Care Program in Item 4440-101-0001.

Item 4700-101-0001—For local assistance, Department of Community Services and Development. I revise this item by reducing:

- (2) 47-Naturalization Services from \$8,476,000 to \$7,601,000, and
- (3) Reimbursements from –\$5,875,000 to –\$5,000,000.

I am deleting the \$875,000 legislative augmentation in reimbursements from the Employment Development Department for the Naturalization Services Program (NSP) to conform to the actions taken in Item 5100-001-0869. With these actions, the Budget retains \$7.9 million General Fund for the NSP.

Item 5100-001-0869—For support of state programs under the Workforce Investment Act, Employment Development Department. I revise this item by deleting Provisions 3, 4, and 5.

I am deleting Provision 3, which would require the Employment Development Department (EDD) to allocate \$875,000 to the Department of Community Services and Development for naturalization and citizenship services. Under the federal Workforce Investment Act (WIA), the Governor has the authority to allocate 25 percent of WIA

dislocated workers funding for Rapid Response allocation to areas that experience disasters, mass layoffs or plant closings, or other events that precipitate substantial increases in unemployment. This provision would decrease the funding available to the Administration to quickly respond to such events.

I am also deleting Provision 4 because it places a limit of \$4 million on the amount of funds available for the Faith-Based Initiative. Section 128 of the federal WIA allows the Governor to allocate 15 percent of the WIA funds allotted to California, for the purposes of statewide and employment training activities. Although this funding is subject to legislative appropriation, the language in Provision 4 impinges on the authority of this Administration to allocate funding for this critical program, which provides job services and training to many individuals not traditionally served by the current system of workforce development.

However, I have no concerns with the compromise language developed in Provision 4 that pertains to issues other than the funding limitation. I am directing the EDD to provide grants to community organizations, including faith-based and secular organizations that are not owned or operated as pervasively sectarian institutions, and that have been limited in their ability to take advantage of this funding due to limited resources and a lack of experience in dealing with the competitive contracting process and the allocation processes currently in place at the local level. No pervasively sectarian religious organization is eligible for funds under this item, but a separate nonprofit entity or affiliate that is a tax-exempt organization under the federal Internal Revenue Code, may apply for and receive grants under its own auspices. In awarding grants, the EDD shall use a competitive bidding process that includes provisions regarding existing constitutional protections. Grants or contracts awarded shall comply with the California Constitution, State and federal civil rights laws, and the United States Constitution with regard to pervasively sectarian organizations.

Of the amount allocated for the Faith-Based Initiative, it is my intent that the department may use up to \$250,000 for administrative expenses, subject to approval by the Department of Finance.

I am also deleting Provision 5, which would require the EDD to allocate \$300,000 to the Youthbuild program. I sustained General Fund augmentations for this program of \$1 million in 2000–01 and \$250,000 in 2001–02. However, this legislative augmentation is inappropriate. Specifically, Section 128 of the federal WIA authorizes the Governor to allocate 15 percent of the WIA funds allotted to California, for the purposes of statewide and employment training activities. This Provision would decrease the amount of funding available to the Administration to address critical workforce development needs.

Item 5100-001-0870—For support of Employment Development Department. I revise this item by reducing:

- (1) 10-Employment and Employment Related Services from \$206,768,000 to \$204,749,000;
- (2) 21-Tax Collections and Benefit Payments from \$728,916,000 to \$588,751,000; and
- (14.5) Amount payable from the Unemployment Fund-Federal (Item 5100-001-0871) from –\$177,120,000 to –\$34,936,000.

I am revising this item to conform to the action I have taken in Item 5100-001-0871.

Item 5100-001-0871—For support of Employment Development Department. I reduce and revise this item from \$177,120,000 to \$34,936,000 and revise Provisions 2 and 3.

I am sustaining \$500,000 of the \$140,665,000 legislative augmentation from Reed Act funds for various information technology (IT) and infrastructure projects, so that \$140,165,000 can remain in the Unemployment Insurance (UI) Trust Fund. Providing full funding for these projects at this time may increase UI taxes paid by employers in the future. After the IT project proposals have been subjected to the Feasibility Study Review and budget review processes, the projects could be considered for available Reed Act funding at that time. However, I am sustaining the expansion of the Tax System Review, in order to include an analysis of enhanced data capability for Employ-

ment Development Department (EDD) information technology systems into an existing study of EDD Tax Branch business processes and automated systems. This analysis is scheduled to be completed in 2002–03.

I am revising this item and Provision 2 to conform to this action.

“5100-001-0871—For support of Employment Development Department, for payment to Item 5100-001-0870, payable from the Unemployment Fund Federal; to be available for expenditure until the end of the 2006–07 fiscal year; except that moneys subject to Provision 3 of this item are available for expenditure during the 2002–03 fiscal year.....\$177,120,000 \$34,936,000”

“2. The following amounts shall be used as follows:

- (a) \$20,000,000 for administrative costs to create an alternate base period; which would allow for expansion of the Unemployment Insurance (UI) program by using recent wages for the purpose of establishing benefit eligibility;
- (b) \$65,000 for administrative costs to create and implement a trigger mechanism for UI extended benefits;
- (c) \$500,000 for the review of the Employment Tax System through a contract with a qualified consulting firm to review business operations and automated systems of EDD’s tax programs.
- (d) \$6,500,000 to upgrade the UI call centers to expand capacity and improve customer service;
- (e) \$5,100,000 to develop electronic UI claim filing over the Internet;
- (f) \$500,000 to fund a study with a qualified consultant for improving EDD’s single client database system to enhance efficiency and effectiveness of claim filing and benefit payments; to improve program integrity; and to reduce fraud;
- (g) \$100,000,000 to upgrade EDD’s single client database;
- (h) \$7,000,000 to redesign the UI benefit payment system to enable claimants to certify by using the telephone and Internet;
- (i) \$1,000,000 to redesign the UI adjudication process by the development of a computer-based application;
- (j) \$500,000 to be allocated via competitive process for support of physical and program access to one-stops. These are in addition to any Workforce Investment Act funds allocated for this purpose.”

I am also deleting the \$1,519,000 augmentation in Reed Act funds to continue employment services for veterans, so that these funds can remain in the UI Trust Fund and possibly reduce UI taxes paid by employers in the future. In addition, veterans still receive high priority for employment services and benefits in the EDD Employment Services Program, and the EDD indicates that veterans will not lose any assistance as a result of this action. As a result, it is not necessary to appropriate Reed Act funds for this purpose.

I am revising Provision 3 to conform to this action.

“3. During the 2002–03 fiscal year only, \$34,436,000 shall be used to support Employment and Employment Services and Tax Collection and Benefit Payment Programs and \$1,519,000 shall be used to support veteran’s employment activities.”

Item 5100-011-0890—For support of Employment Development Department. I reduce this item from (\$775,267,000) to (\$633,083,000).

I am revising this item to conform to the action I have taken in Item 5100-001-0870.

Item 5120-001-0890—For support of the California Workforce Investment Board. I revise this item by deleting Provision 3.

Provision 3 would make the expenditure of \$1,120,000 contingent upon the California Workforce Investment Board (CWIB) submitting a report to the Legislature on the role of the CWIB and the Employment Development Department in the California Labor and Workforce Development Agency with respect to the implementation of the Workforce Investment Act (WIA) and other specified information. I believe it would be premature to require the CWIB to define its role within the new agency, before the



Secretary for the new agency has a chance to formulate and communicate the agency's plans to simplify, strengthen, and improve the operation of the State's workforce development programs. In addition, the CWIB has indicated it has recently released reports to the Legislature demonstrating progress in implementing the WIA. However, I am directing the CWIB to update the Legislature on its progress in the development of certification protocols for local One-Stop Centers during legislative hearings on the 2003-04 Budget.

Item 5175-101-0001—For local assistance, Department of Child Support Services. I revise this item by reducing:

- (1) 10-Child Support Services from \$974,893,500 to \$974,893,000, and by deleting Provision 8.

In order to correct a technical error in the Budget Bill, I am reducing Schedule (1) by \$500 and deleting Provision 8, which requires a county share of costs for any penalty imposed by the federal government for California's failure to implement an automated statewide child support collection system. This provision was inadvertently left in the final version of the Budget Bill.

Item 5175-101-0890—For local assistance, Department of Child Support Services. I reduce this item from \$282,224,000 to \$281,899,000.

In order to correct a technical error in the Budget Bill, I am reducing this item by \$325,000. This technical veto will conform to the Legislature's intent, and is consistent with the legislative action taken in Item 5175-101-0001, which reduced the funding for the increase in postage costs.

Item 5175-495—Reversion, Department of Child Support Services. I revise this item from \$25,215,000 to \$10,935,000 as follows:

"As of June 30, 2002, ~~\$25,215,000~~ \$10,935,000 of the unencumbered balance of the appropriation provided in the following citation shall revert to the fund from which the appropriation was made:

0001—General Fund

(1) Item 5175-101-0001, Budget Act of 2001 (Ch. 106, Stats. of 2001)

(a) 10.01-Child Support Administration.....\$640,000

(b) 10.02-Child Support Incentive.....~~\$24,575,000~~ \$10,295,000."

On June 19, 2002, the California State Supreme Court denied the State's petition for hearing the Statewide Automated Child Support System (SACSS) case. This was the State's final opportunity to have the amount of the SACSS judgment reduced. The State is now obligated to pay Lockheed Martin the amount of an appellate court ruling, plus interest on the principal amount of the judgment. I am reducing the amount of this reversion by \$14,280,000 to enable the Department of Child Support Services to use these funds towards payment of the judgment, to prevent additional interest charges to the State.

Item 5180-101-0001—For local assistance, Department of Social Services. I revise this item by deleting Provision 10:

I am deleting Provision 10, which allows counties to direct \$100,000 from the Mental Health and Substance Abuse services allocation to develop a replicable outcome system for CalWORKs mental health and substance abuse treatment. This language could create a future fiscal pressure to exceed the available amount of federal Temporary Assistance for Needy Families Block Grant funds and maintenance-of-effort funding pursuant to funding outcome systems in other counties, or could force a decrease in CalWORKs spending in other areas because of budgetary constraints in 2003-04.

Item 5180-141-0001—For local assistance, Department of Social Services. I reduce this item from \$421,675,000 to \$414,875,000 by reducing:

- (1) 16.80-County Administration from \$717,951,000 to \$701,437,000; and
- (4) Amount payable from the Federal Trust Fund (Item 5180-141-0890) from -\$537,945,000 to -\$528,231,000.

I am reducing this item by \$16,514,000 (\$6,800,000 General Fund) to reduce funding for county administration of the Food Stamp Program. This action is necessary



due to the significant decline in General Fund revenue. I am sustaining \$372.9 million (\$157.5 million General Fund) for county administration of the Food Stamp Program.

Item 5180-141-0890—For local assistance, Department of Social Services. I reduce this item from \$776,573,000 to \$528,231,000.

I am reducing this item by \$9,714,000 to conform to actions taken in Item 5180-141-0001.

I am also reducing this item by \$238,628,000 to correct a technical error in the Budget Bill. This technical veto is consistent with the Legislature's intent and legislative actions taken in this item.

Item 5180-151-0001—For local assistance, Department of Social Services. I reduce this item from \$782,148,000 to \$745,606,000 by reducing:

- (1) 25.25-Children's Services from \$1,903,347,000 to \$1,848,623,000;
- (a) 25.25.010-Child Welfare Services from \$1,802,078,000 to \$1,752,554,000;
- (b) 25.25.020-Adoptions from \$81,286,000 to \$76,086,000;
- (4) Reimbursements from -\$69,879,000 to -\$68,817,000; and
- (6) Amount payable from the Federal Trust Fund (Item 5180-151-0890) from -\$1,195,571,000 to -\$1,172,876,000.

I am deleting \$17,150,000 General Fund and \$9,974,000 Federal Trust Fund from the Child Welfare Services Program augmentations; and \$10,817,000 General Fund, \$10,521,000 Federal Trust Fund, and \$1,062,000 reimbursements in order to suspend the cost-of-doing business adjustment for the Child Welfare Services Program. I am retaining \$1.8 billion (\$616.7 million General Fund) for the Child Welfare Services Program. As cost-of-living adjustments are not being granted for other social services programs, I am suspending the proposed 2002-03 cost-of-doing business adjustment due to the State's current fiscal situation.

For the last three years, this Administration has aggressively funded the Adoptions and Kinship Guardianship Assistance Payment programs. These two programs, among others, have significantly reduced the caseload for much of the Child Welfare Services (CWS) program. Notwithstanding this reduction in caseload, this Administration has provided funding for the CWS program in excess of that justified by current social worker caseload and workload standards, providing a total of \$420.4 million (\$237.9 million General Fund) more over the last three years to counties than caseload requires: \$68.4 million (\$40 million General Fund) in 1999-00, \$125.9 million (\$74.3 million General Fund) in 2000-01, and \$226.1 million (\$123.6 million General Fund) in 2001-02. In light of the State's current fiscal situation, these reductions are necessary to more closely align funding to current caseload standards.

Similarly, I am deleting \$3,000,000 General Fund and \$2,200,000 Federal Trust Fund for recent Adoptions Program cost-of-doing business augmentations due to fiscal constraints and limited resources in the General Fund. I am retaining funding of \$76.1 million (\$38.5 million General Fund) for the Adoptions Program.

I am reducing this Item by \$5,575,000 to correct a technical error in the Budget Bill. This technical veto will conform to the Legislature's intent, and is consistent with the legislative action to reduce funding for the Adult Protective Services program by \$5.6 million General Fund. This reduction was correctly reflected in schedule (2) (e) 25.35.050-County Services Block Grant; however, it was not included in the total for this item.

Item 5180-151-0890—For local assistance, Department of Social Services. I reduce this item from \$1,195,571,000 to \$1,172,876,000.

I am reducing this item by \$22,695,000 to conform to the actions taken in Item 5180-151-0001.

Item 5180-491—Reappropriation, Department of Social Services. I revise this item by revising Provision 1.

In order to correct a technical error in the Budget Bill, I am amending Provision 1 by deleting the requirement that the amount of funding reappropriated for automation projects be consistent with the amount approved by the Department of Information Technology (DOIT) in a special project report or equivalent document. As statutory authority for the DOIT expired on June 30, 2002, this language is no longer applicable.

- “1. It is the intent of this item to continue funding approved activities for the automation projects that, due to schedule changes, result in unexpended appropriations one year and the need for additional funding in the following year. Therefore, notwithstanding any other provision of law, the balance of the appropriations for these automation projects may, upon approval of the Department of Finance, be reappropriated for transfer to and in augmentation of the corresponding items in this act. The funds reappropriated by this provision shall be made available consistent with the amount approved by the Department of Finance and the Department of Information Technology based on an approved special project report or equivalent document not sooner than 30 days after providing notification in writing to the chairperson of the fiscal committee of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.”

Item 5460-485—Reappropriation (Proposition 98), Department of the Youth Authority. I delete this item.

I am deleting the \$2,600,000 reappropriation from the Proposition 98 Reversion Account, provided on a one-time basis to the Department of the Youth Authority for the enrichment of educational services. The additional funding for educational services has not been justified. This action will maintain Proposition 98 funding consistent with the level of the current ward population.

Item 6110-001-0001—For support of Department of Education. I reduce this item from \$45,131,000 to \$45,081,000 by reducing:

- (2) 20-Instructional Support from \$74,829,840 to \$74,779,840;
- (3) 30-Special Programs from \$43,401,280 to \$43,291,280; and
- (9) Amount Payable from Federal Trust Fund (Item 6110-001-0890) from -\$126,105,000 to -\$125,995,000.

I am reducing this item by \$50,000 to reflect savings that will occur in this item as a result of sustaining a legislative augmentation of \$53,000 as reflected in Provision 17 of Item 6110-001-0890, for monitoring and technical assistance for the California Youth Authority special education activities. That augmentation enables the Department to recover indirect costs that are billable to federal funds. Because the Department's costs for oversight of this activity will not significantly increase overall departmental indirect costs, funds in this General Fund item can be reduced with no effect on services to other programs.

I am reducing Schedules (3) and (9) by \$110,000 to conform to the action taken in Item 6110-001-0890.

Item 6110-001-0890—For support of Department of Education. I reduce this item from \$126,105,000 to \$125,995,000.

I am reducing the \$388,000 legislative augmentation for two additional staff for implementation of the 21st Century Community Learning Centers Program by \$110,000. While I am sustaining the two additional positions and \$278,000, the amount reduced reflects indirect costs which have not been adequately justified. Five positions and \$523,000 remain available for the purposes of implementing the new federal program, which should be sufficient.

Item 6110-113-0001—For local assistance, Department of Education. I revise this item by reducing:

- (4) 20.70.030.006-STAR Program from \$15,827,000 to \$15,027,000.

This reduction is a technical adjustment to reflect the correct amount in Schedule (4). While the item total reflects the intended funding level, Schedule (4) contains \$800,000 more than intended.

Item 6110-123-0890—For local assistance, Department of Education. I delete Provision 2.

I am deleting Provision 2, which would require legislative notification prior to the adoption or amendment of any plan for disbursement of \$39,131,000 in federal funds for innovative programs to local education agencies. This is inconsistent with federal law, which required California to submit its application for funding under the No Child

Left Behind Act prior to enactment of the budget. I understand this language was only intended to apply to new programs where allocation is subject to legislative direction. Consistent with this, I am deleting this provision because the reporting requirements for this existing program would needlessly delay the disbursement of these federal funds, which are disbursed based on a federally-mandated formula.

Item 6110-130-0001—For local assistance, Department of Education. I reduce this item from \$12,300,000 to \$10,300,000 by revising Provision 1.

I am deleting \$2,000,000 of the legislative augmentation for provision of Advanced Placement teacher training or tutoring services pursuant to Section 52247 of the Education Code. These reductions are necessary to limit program expansions and provide for a prudent General Fund reserve in light of the State's current fiscal condition. With these reductions, \$10,300,000 still remains to support the Advancement Via Individual Determination program.

I am revising Provision 1 to conform to this action.

"1. Of the funds appropriated, \$1,300,000 is available for administration of the Advancement Via Individual Determination (AVID) centers and \$6,000,000 is available for competitive outreach grants to local education agencies for the AVID program. Notwithstanding any other provision of law, the remaining ~~\$5,000,000~~ \$3,000,000 shall be used solely for the provision of advanced placement teacher training or tutoring services, pursuant to Section 52247 of the Education Code."

Item 6110-136-0890—For local assistance, Department of Education. I revise this item by deleting Provision 8.

I am deleting Provision 8 of this item, which makes the receipt of \$1,495,541,000 in Title I federal funds by school districts contingent upon the reporting of unspecified data that is necessary to meet the data reporting requirements of the federal No Child Left Behind Act of 2001. While it will likely be necessary for school districts to provide data to the State to meet these reporting requirements, federal law does not allow the State to condition the receipt of these funds on the provision of data. Thus, this language may constitute a state mandate requiring reimbursement from the General Fund. Item 6110-113-0890 contains \$6,880,000 for federally required data collection.

Item 6110-137-0890—For local assistance, Department of Education. I revise this item by deleting Provision 1.

I am deleting Provision 1 of this item, which requires legislative notification prior to adopting or amending any plan for the expenditure of \$2,426,000 in federal Rural and Low Income School Grant funds pursuant to the federal No Child Left Behind Act. This provision conflicts with federal law that required the State Board of Education to submit the State's consolidated application prior to enactment of the budget bill. These funds are provided on a formula basis and are intended to provide small school districts with general purpose discretionary funding. I believe the notification requirement would delay the allocation of the funds and also impede the intended flexibility.

Item 6110-156-0001—For local assistance, State Department of Education. I reduce this item from \$605,038,000 to \$582,038,000 by reducing:

(2) 10.50.010.008-Remedial education services for participants in the CalWORKs from \$31,739,000 to \$8,739,000,

and by revising Provision 2.

I am reducing the \$23,000,000 augmentation for remedial education services for CalWORKs participants. This augmentation consisted of \$10,000,000 for support services and \$13,000,000 for additional instruction for CalWORKs recipients in adult education programs or regional occupation centers and programs (ROC/Ps). With this action, \$9,900,000 in federal Temporary Assistance for Needy Families (TANF) funds remains in the Adult Education and ROC/P items to provide additional instruction for CalWORKs recipients in programs that are at or above their authorized average daily attendance cap. Support services are also provided through the federal Perkins Vocational and Technical Education Act, funded at \$138,445,000 and required to target

CalWORKs participants in the welfare-to-work program. The funds reduced from this item are reserved for Proposition 98 contingencies in 2002–03. I am revising Provision 2 to conform to this action.

“2. The funds appropriated in Schedule (2) constitute the funding for both remedial education and job training services for participants in the CalWORKs program (Art. 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code). Funds shall be apportioned by the Superintendent of Public Instruction for direct instructional costs only to school districts and Regional Occupational Centers and Programs (ROC/Ps) that certify that they are unable to provide educational services to CalWORKs recipients within their adult education block entitlement or ROC/P block entitlement, or both. However, of the funds appropriated in Schedule (2) of this item, an amount not to exceed \$10,000,000, as negotiated through an interagency agreement between the State Department of Education and the State Department of Social Services, shall be provided for Adult Education Programs; and ROC/Ps for the purposes of providing instructional and training supportive services for CalWORKs eligible members. These services shall include any of the following:

- (a) Career and educational guidance and counseling.
- (b) Training-related assessment.
- (c) Transportation to the classroom or worksite during training.
- (d) Job readiness training and services.
- (e) Job development and placement.
- (f) Postemployment support and followup to ensure job retention.
- (g) Coordination and referrals to other services provided through the State Department of Social Services; the Employment Development Department; the Local Workforce Investment Boards; community colleges; the Department of Rehabilitation; the Economic Development Agency; and other community resources.
- (h) Curriculum and instruction development to provide short-term integrated programs leading to employment.
- (i) Staff development costs resulting from policy development and training occurring between instructional staff and county welfare agencies in the coordination of the program.
- (j) One-time excess program startup costs.

Allocations shall be distributed by the Superintendent of Public Instruction as equal statewide dollar amounts, based on the number of CalWORKs eligible family members served in the county and subject to instructional and training support services needed annually by each agency as identified in the county CalWORKs Instruction and Job Training Plan required by Section 10200 of the Education Code.”

Item 6110-161-0001—For local assistance, Department of Education (Proposition 98). I am revising this item by revising Provision 15.

I am revising Provision 15 of this item by \$754,000 to conform to reductions required as a result of the Legislature’s revision to the level of Education Revenue Augmentation Fund available in 2002–03, and as a result of technical changes required to conform to providing a 2.0 percent cost of living adjustment for special education.

“15. Of the amount provided in Schedule (1) of this item, ~~\$8,943,000~~ *\$8,189,000* shall be appropriated in the following priority sequence:

- (a) The Superintendent of Public Instruction shall allocate any additional amount, if needed, to augment the amounts appropriated in Schedules (1) and (2) of this item to ensure full funding for the 2002–03 fiscal year.
- (b) Once the Superintendent of Public Instruction has determined that none of the programs in Schedules (1) and (2) of this item require any additional funding pursuant to the statutory formulas contained in Chapter 854 of the Statutes of 1997 (AB 602), the remaining amount shall be allocated pursuant to Section 56836.158 of the Education Code.”

Item 6110-161-0890—For local assistance, Department of Education. I reduce this item from \$800,319,000 to \$798,369,000 by reducing:

(4) 10.60.050.021-IDEA, Capacity Building, Special Education from \$44,858,000 to \$42,908,000, and by revising Provisions 3 and 12.

I am deleting the \$1,700,000 legislative augmentation provided to expand the existing Family Empowerment Centers on Disabilities. I share the desire to improve results for all children, especially those with disabilities, which is why I signed legislation last year establishing the Family Empowerment Centers funded in this item. However, given that my Budget already provides \$2,372,000 for local assistance grants for Family Empowerment Centers on Disabilities, and given that the 12 centers funded through the existing resources have only recently been established, I believe funding to expand this program would not be prudent until results from existing efforts are reviewed.

I am deleting the \$250,000 legislative augmentation to fund licensed children's institution growth. My Budget already provides \$1,000,000 for local assistance grants for emergency impactation on Special Education Local Plan Areas as the result of licensed children's institution growth, and I have not been provided with adequate justification to warrant a program augmentation.

I am revising Provisions 3 and 12 to conform to these actions.

“3. Of the funds appropriated in Schedule (4) of this item, up to ~~\$1,250,000~~ \$1,000,000 may be used to fund licensed children's institution growth pursuant to Section 56836.18 of the Education Code.”

“12. Of the funds appropriated in Schedule (4) of this item, ~~\$4,072,000~~ \$2,372,000 shall be used for the purposes of establishing Family Empowerment Centers on Disabilities pursuant to Chapter 690, Statutes of 2001.”

Item 6110-194-0001—For local assistance, Department of Education. I reduce this item from \$1,105,000 to \$105,000 by deleting:

(1) 20.60.101.001-Administrator Training and Evaluation Program (\$1,000,000), and by revising Provision 2.

I am reducing the legislative augmentation of \$1,000,000 in support costs for the Administrator Training and Evaluation Program. This reduction is necessary to provide for a prudent General Fund reserve and eliminate the former Administrator Training and Evaluation Program. With this reduction, \$14,336,000 still remains for Principal and Administrator Training and Evaluation Program training activities in programs established by this Administration.

Item 6110-194-0890—For local assistance, Department of Education. I reduce this item from \$5,000,000 to \$4,350,000, and delete Provisions 2, 3 and 4.

I am deleting \$250,000 and Provision 2 which would be used for data collection and evaluation related to the effectiveness of professional development programs. While I recognize the importance of evaluating the effectiveness of programs, given many of these programs are relatively new and the scarcity of resources, I believe funds should be focused on providing training.

I am deleting \$400,000 and Provisions 3 and 4 which would earmark these funds for an evaluation of cultural competency training for teachers and provide professional development to substitute teachers, respectively. Both of these programs could be established by pending legislation. I believe it is premature to set aside these funds before the policy merits of the respective related legislation have been decided. In addition, according to the legislation which would establish the substitute teacher training, funding would not be necessary until 2003–04.

Item 6110-195-0890—For local assistance, Department of Education. I reduce this item from \$317,526,000 to \$317,026,000 by reducing:

(1) 20.60.280-Improving Teacher Quality Local Grants from \$315,472,000 to \$314,972,000, and by deleting Provision 1.

The reduction in Schedule (1) funding is a technical veto to account for this item over-appropriating the total amount of available federal funds by \$500,000.

I am deleting Provision (1), which specifies the uses of these federal funds. I would have preferred language that would have directed these funds to be used on a priority basis to ensure that class size reduction programs are maintained and teachers receive standards-aligned training. As federal law requires, the State has submitted an application for these funds that specifies their uses; therefore this language is unnecessary.

Item 6110-197-0890—For local assistance, Department of Education. I revise this item by deleting Provisions 2(b), 2(c), 2(d), and 2(h), and revising Provision 2(i).

I am deleting Provision 2(b) because this language is unnecessarily restrictive. It would limit the availability of \$3,500,000 to direct grants for programs serving middle and elementary school pupils to provide equitable access to and participation in programs. Analysis has not been performed to indicate the level of need for these types of grants. Furthermore, placing restrictions on these funds would limit the number of slots that could be created to serve additional children.

I am deleting Provision 2(c) because this language would restrict the availability of \$1,000,000 to fund direct grants for family literacy services for families of students participating in the 21st Century Community Learning Programs. Although I support family literacy programs, this allocation duplicates existing efforts funded through federal Title 3 Literacy funds and other available federal and state funding sources to provide family literacy. Limiting the availability of these funds would restrict the creation of additional before and after school slots.

I am deleting Provision 2(d) because this language is unnecessarily restrictive. It would limit the availability of \$2,500,000 to grants for high school programs. Denying accessibility to these funds to middle and elementary school programs, would restrict the creation of additional slots in an area where there is a known need. I am also deleting Provision 2(h) because the language would establish a program with reimbursement policies that conflict with those contained in existing statute, Article 22.5 (commencing with Section 8483.7) of Chapter 2 of Part 6 of Division 1 of the Education Code.

I am revising Provision 2(i) because this language conflicts with language contained in Provision 2(f) of this Item which requires programs to adhere to daily funding rates pursuant to Article 22.5 (commencing with Section 8482.5) of Chapter 2 of Part 6 of Division 1 of the Education Code.

“(i) Earned but unexpended funds may be carried forward to subsequent years consistent with federal requirements. ~~In year one, the full grant may be retained.~~”

As stated above, this language is unnecessarily restrictive and would result in higher costs per pupil. There is approximately \$14 million in quality applications pending for the existing Before and After School Learning and Safe Neighborhoods Partnership Program. The overall state need, however, is much greater. Given the success of this program in showing consistent patterns of positive results on student achievement, attendance, behavior, and reductions in grade attendance, I would prefer that the 21st Century federal funds be used to expand the existing program rather than creating additional cost pressures.

Item 6110-200-0001—For local assistance, Department of Education. I reduce this item from \$19,000,000 to \$2,000,000.

I am reducing the legislative augmentation of \$19,000,000 for Healthy Start Support Services by \$17,000,000. This reduction is necessary to limit program expansions and provide for a prudent General Fund reserve in light of the State’s current fiscal condition. The program level started with this augmentation would cause costs to multiply in future years. This action will have no effect on schools currently operating this program, as full funding for the multi-year grant period has been provided in past budgets.

The funds reduced from this item are reserved for Proposition 98 contingencies in 2002–03.

Item 6110-205-0001—For local assistance, Department of Education. I revise this item by deleting Provision 3.

I am deleting Provision 3 of this item, which authorizes the Department of Education to establish a pilot program for allocating this funding for the Elementary School Inten-



sive Reading Program as a block grant for up to 20 districts, rather than through hourly reimbursement for services rendered. This proposed pilot is a significant alteration in the program's current structure. The proposal does not contain any reasonable accountability to ensure that students receive necessary remedial services through this program, and may in fact reduce the total hours of service provided to students. Any program change of this magnitude should be considered in policy legislation, including review by legislative policy committees rather than solely through the budget process.

Item 6110-211-0001—For local assistance, Department of Education (Proposition 98). I reduce this item from \$49,721,000 to \$35,650,000.

I am reducing this Item for two reasons. First, technical reductions are necessary to reflect both the Legislature's action to shift the calculation methodology for the block grant to appropriations made in the final Budget Act as well as the adjustments made to final school district funding levels, including the deferrals and reductions to categorical programs included in the final version of the Budget, that have the effect of reducing this item's statutory growth calculation. Second, I am reducing the item to reflect my objection to the Legislature's intent to include the Instructional Materials Realignment Program (IMRP) in the block grant. I believe that allowing charter schools to use equivalent funding intended for IMRP purposes in any manner they choose would both undermine the Administration's objective to ensure availability of standards-aligned instructional materials for all students and unnecessarily increase state costs. Charter schools would still be eligible to receive their share of over \$400,000,000 available for IMRP remaining in the Budget.

The funds reduced from this item are reserved for Proposition 98 contingencies in 2002–03.

Item 6110-223-0001—For local assistance, Department of Education. I delete this item and Provisions 1 and 2.

I am deleting the legislative augmentation of \$36,000,000 for PERS offset mitigation because the May Revision already provided \$97,000,000 to fund the state's share of PERS costs for school classified employees. As rates increase in the future, the state will fund the entire amount of the employer's share of this cost, and the offset will diminish.

I am also deleting the legislative augmentation of \$42,000,000 for equalization adjustments for school district revenue limit apportionments. Given the subsequent \$406,000,000 augmentation contained in AB 2781 to be provided commencing with 2003–04 for revenue limit equalization, this one-time appropriation should be set aside for Proposition 98 contingencies in light of the State's current fiscal conditions.

The funds reduced from this item are reserved for Proposition 98 contingencies in 2002–03.

Item 6110-241-0001—For local assistance, Department of Education. I delete this item and Provision 1.

I am deleting this item, which provides \$150,000 for low-performing high schools, as it inadvertently made an appropriation for local assistance that was intended to provide state operations funding to support a new program to be created in pending legislation. This local assistance appropriation cannot be used for the intended purpose. In addition, I believe it is premature to earmark funding in the Budget until the policy merits of the legislation are decided.

The funds reduced from this item are reserved for Proposition 98 contingencies in 2002–03.

Item 6360-001-0407—For support of the Commission on Teacher Credentialing. I revise this item by deleting Provision 6.

I am deleting Provision 6, which would require the Commission to reduce processing times for first-time and new-type credential applications to 25 days. This is inconsistent with current statute that requires credentials to be processed in 60 days. The Teacher Credentialing Service Improvement Project will not be sufficiently complete to allow the Commission to realize significant savings in the staff time required to process credential renewal applications in 2002–03. Consequently, this



provision could force the Commission to redirect resources from the processing of credential renewal applications, thereby generating an unacceptable increase in the time required to process these applications. Alternatively, this language could result in the Commission requesting additional funding and positions to meet this timeframe.

Item 6610-001-0001—For support of California State University. I reduce this item from \$2,617,173,000 to \$2,616,983,000 by reducing:

(1) Support from \$3,494,437,000 to \$3,494,247,000, and by deleting Provisions 18, 19, and 20.

I am deleting \$190,000 legislative augmentation to conduct a California State University (CSU) Export Delivery Study (\$140,000) and to fund the CSU Centers for Excellence (\$50,000), pursuant to separate legislation. Notwithstanding the potential merits of the subject legislation, it is premature to include funding in the budget for these activities. I am willing to consider the legislation on its merits, and any funding necessary, once it is approved by the Legislature. I am deleting Provisions 18 and 19 to conform to these actions.

I am deleting Provision 20 because it requires the CSU to defer new expenditures for the CMS/Peoplesoft project, prohibits the University from entering into any new agreements needed to maintain the implementation schedule, and delays the completion of the project by one year. This language would increase project costs for the University and would delay the operational efficiencies the University believes will be achieved when the project is completed and delay staff training. I encourage the University to cooperate fully in the audit currently in progress of the project and expect continued adherence to all relevant information technology policies and bid procedures.

Item 6870-101-0001—For local assistance, Board of Governors of the California Community Colleges (Proposition 98). I reduce this item from \$2,670,792,000 to \$2,659,792,000 by reducing:

(12) 20.10.070-Matriculation from \$64,307,000 to \$54,307,000; and by deleting:

(12.5) 20.20.015-Faculty and Staff Development (\$1,000,000); and by revising Provision 1.

I am reducing the legislative augmentation for Matriculation by \$10,000,000, and I am also deleting the proposed augmentation of \$1,000,000 to continue the Faculty and Staff Development program. With this action, \$54,307,000 still remains to support Matriculation services. I also note that the general apportionment funding increase of over \$192 million in this Budget is more than \$43 million above the statutory requirement. Therefore, this Budget provides sufficient funds for colleges to sustain matriculation services if they are a priority. Further, funding for the Faculty and Staff Development program contains little meaningful accountability and represents only a fraction of the funds used by districts for training. I believe this is a significantly lower priority for state assistance than direct classroom instruction. Districts may use discretionary funds, as necessary, to fund these activities on a priority basis. I am revising Provision 1 to conform to this action.

“1. The funds appropriated in Schedules (1), (2), (3), (4), (5), (6), (8), (10), (11), (12), ~~(12.5)~~ (14), (15), (16), (17), (18), (22), and (25) are for transfer by the Controller during the 2002–03 fiscal year to Section B of the State School Fund.”

The funds reduced from this item are reserved for Proposition 98 contingencies in 2002–03.

Item 6870-485—Reappropriation, (Proposition 98) California Community Colleges. I revise this item from \$53,189,000 to \$34,497,000 by deleting Schedule (3).

In order to correct a technical error in the Budget Bill, I am reducing this item by \$9,692,000. I am also deleting the legislative augmentation of \$9,000,000 for Special Services for CalWORKs Recipients. I am supportive of this program as indicated by the \$20,000,000 General Fund restoration I provided for this program in the May Revision, for which local districts will provide an additional \$20,000,000. With this reduction, a total of \$63,000,000, will remain to support CalWORKs recipients attending community colleges.

Item 6870-486—Reappropriation, (Proposition 98) California Community Colleges. I delete this item.

I am deleting Item 6870-486, which would provide authority for the Chancellor to reappropriate for specified purposes up to \$20 million in prior year savings from categorical programs in Item 6870-101-0001. Such authority would limit the flexibility of the Administration and Legislature to allocate Proposition 98 Reversion Account funds for future high priority K-14 demands.

Item 7980-001-0001—For support of Student Aid Commission. I revise this item by reducing:

- (1) 15-Financial Aid Grants Program from \$12,342,000 to \$12,244,000, and
- (5) Reimbursements from -\$3,195,000 to -\$3,097,000.

I am revising this Item to delete a \$98,000 legislative augmentation for reimbursements from the Student Loan Operating Fund to cover administrative costs for the Assumption Program of Loans for Education related to 1,000 additional awards added as part of an action to suspend the Governor's Teaching Fellowships for one year. The 2001 Budget Act included \$253,000 for three additional positions to administer this program, conduct a study to assess the administrative process for this and other Specialized Programs, and make recommendations for efficiency measures. The need for additional resources for this purpose has not been justified. In addition, it would be premature to provide additional funding until those recommendations have been made and considered.

Item 8100-101-0001—For local assistance, Office of Criminal Justice Planning. I reduce this item from \$45,856,000 to \$45,687,000 by reducing:

- (6) 50.20.352-Youth Emergency Telephone Referral from \$338,000 to \$169,000.

This reduction is necessary to provide for a prudent General Fund reserve for economic uncertainties. With this action, \$169,000 remains to support the Youth Emergency Telephone Referral program. I am revising Provision 3 to make two technical changes to this provision.

- “3. Of the amount appropriated in this item, \$800,000 appropriated in Schedule (20.5) shall be available for competitive grants for the California Innocence Protection Program. The OCJP shall make the funds available for the purpose of assisting convicted persons who are attempting to establish their actual innocence through the use of postconviction DNA testing. Grants shall only be used to represent indigent inmates convicted of a crime in a California court. Applications for funding provided pursuant to this item shall only be received from qualified nonprofit organizations meeting guidelines established by the American Bar Association for operating legal clinics using law students. It is the intent of the Legislature that funds provided to qualifying nonprofit organizations shall be made *available* as soon as possible in the interest of justice and shall be disbursed within 60 days of receipt of an application for funding. For qualified nonprofit organizations receiving funding under this program, at least 25 percent of their total budget for these purposes must come from other sources, which may include in-kind contributions.

Funding for this program shall not be expended for the purpose of court-approved DNA forensic testing under Section 1405 of the Penal Code.

Entities receiving funding under this program shall report to the OCJP the number of the requests received and the number of cases in which any of the following have occurred: (1) a preliminary investigation was conducted, (2) a full investigation was conducted and DNA testing was sought, (3) the appellant was represented in court proceedings or an attempt was made to vacate a conviction, and (4) an appellant's conviction was vacated or overturned as a direct result of the representation by the entity ~~or attorney~~. The entities shall also provide detailed expenditure reports semiannually and annually on the use of funds provided under this program. These semiannual and annual reports shall also list all staff positions supported by this funding and their compensation. The OCJP shall prepare and submit a report to the Joint Legislative Budget

Committee on or before February 1, 2003, on the foregoing information for each entity receiving funding under this program.”

Item 8100-112-0001—For transfer by the Controller to the High Technology Theft Apprehension and Prosecution Program Trust Fund. I reduce this item from \$13,518,000 to \$13,300,000.

I am reducing the amount available for transfer to the High Technology Theft Apprehension and Prosecution Program Trust Fund by \$218,000. This is a technical correction to this General Fund transfer item. The amount shown here reflects the total local assistance program funding, including federal funds, rather than the General Fund transfer portion that is appropriately scheduled in this item.

Item 8350-001-0001—For support of Department of Industrial Relations. I reduce this item from \$141,031,000 to \$136,815,000 by reducing:

- (3) 30-Workers’ Compensation Administration from \$99,405,000 to \$94,805,000;
- (5) 36-Commission on Health & Safety and Workers’ Compensation from \$2,666,000 to \$1,408,000; and
- (20) Amount payable from the Workers’ Compensation Administration Revolving Fund (Item 8350-001-0223) from -\$20,992,000 to -\$19,938,000;

and by deleting:

- (38) Amount payable from the Workers’ Occupational Safety and Health Education Fund (Item 8350-001-3030) (-\$588,000).

I am deleting the legislative augmentations provided to the Department of Industrial Relations for AB 749-related activities for training grants, workers’ compensation studies, and workload in the Division of Workers’ Compensation. Although I agree that AB 749 will increase the responsibilities of the department, these augmentations have not been fully justified. AB 749 does not take effect until January 1, 2003, and in light of the state’s current fiscal condition, I have instructed the department to absorb the associated workload during the first six months of implementation for these purposes. To the extent that a comprehensive justification based on actual workload needs is available in the future, I would consider funding at that time. I am, however, retaining the \$1 million augmentation included in this item for fraud prevention activities.

Item 8350-001-0223—For support of Department of Industrial Relations. I reduce this item from \$20,992,000 to \$19,938,000 to conform to my action in Item 8350-001-0001.

Item 8350-001-3030—For support of Department of Industrial Relations. I delete this item.

I am deleting this item to conform to my previous action in Item 8350-001-0001.

SEC. 9.40—Proposition 40 Administration Cost Limits. I delete this Control Section.

I am deleting this control section which would restrict administrative expenditures for Proposition 40 bond funds to five percent of budget appropriations for all grant programs and property acquisitions made in the budget year. This is inconsistent with the provisions of Proposition 40, which require all program delivery and administrative costs be paid through the Bond Act. I have submitted an expenditure plan for Proposition 40 that meets current environmental acquisition priorities and is fiscally responsible. This plan sets aside adequate funds to deliver these necessary projects in a timely manner, in accordance with the intent of the electorate. I am directing all affected agencies and departments to provide for effective program delivery while controlling their administrative costs.

With the above deletions, revisions, and reductions, I hereby approve Assembly Bill 425.

GRAY DAVIS

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

SECTION 1.00. This act shall be known and may be cited as the "Budget Act of 2002."

SEC. 1.50. (a) In accordance with Section 13338 of the Government Code, as added by Chapter 1284, Statutes of 1978, and as amended by Chapter 1286, Statutes of 1984, it is the intent of the Legislature that this act utilize a coding scheme compatible with the Governor's Budget and the records of the State Controller, and provide for the appropriation of federal funds received by the state and deposited in the State Treasury.

(b) Essentially, the format and style are as follows:

(1) Appropriation item numbers have a code which is common to all the state's fiscal systems. The meaning of this common coded item number is as follows:

2720—Organization Code (this code represents the California Highway Patrol)

001—Reference Code (first appropriation for a particular fund for support of each department)

0044—Fund Code (Motor Vehicle Account, State Transportation Fund)

(2) Appropriation items are organized in organization code order as reflected in the Governor's Budget.

(3) All the appropriation items, reappropriation items, and reversion items, if any, for each department or entity are adjacent to one another.

(4) Federal funds received by the state and deposited in the State Treasury are appropriated in separate items.

(c) The Department of Finance may authorize revisions to the codes used in this act in order to provide compatibility between the codes used in this act and those used in the Governor's Budget and in the records of the State Controller.

(d) Notwithstanding any other provision of this act, the Department of Finance may revise the schedule of any appropriation made in this act where the revision is of a technical nature and is consistent with legislative intent. These revisions may include, but shall not be limited to, the substitution of category for program or program for category limitations, the proper categorization of allocated administration costs and

cost recoveries, the distribution of any unallocated amounts within an appropriation and the adjustment of schedules to facilitate departmental accounting operations, including the elimination of categories providing for amounts payable from other items or other appropriations and the distribution of unscheduled amounts to programs or categories. These revisions shall include a certification that the revisions comply with the intent and limitation of expenditures as appropriated by the Legislature.

(e) Notwithstanding any other provision of this act, when the Department of Finance, pursuant to subdivision (d), approves the schedule or revision of any appropriation relating to the elimination of amounts payable, the language authorizing the transfer shall also be eliminated.

SEC. 2.00. (a) The following sums of money and those appropriated by any other sections of this act, or so much thereof as may be necessary unless otherwise provided herein, are hereby appropriated for the use and support of the State of California for the 2002–03 fiscal year beginning July 1, 2002, and ending June 30, 2003. All of these appropriations, unless otherwise provided herein, shall be paid out of the General Fund in the State Treasury.

(b) Appropriations and reappropriations for capital outlay, unless otherwise provided herein, shall be available for expenditure during the 2002–03, 2003–04 and 2004–05 fiscal years, except that appropriations and reappropriations for studies, preliminary plans, working drawings, or minor capital outlay, except as provided herein, shall be available for expenditure only during the 2002–03 fiscal year. In addition, the balance of every appropriation or reappropriation made in this act that contains funding for construction that has not been allocated, through fund transfer or approval to proceed to bid, by the Department of Finance on or before June 30, 2003, except as provided herein, shall revert as of that date to the fund from which the appropriation was made.

(c) Whenever by constitutional or statutory provision the revenues or receipts of any institution, department, board, bureau, commission, officer, employee, or other agency, or any moneys in any special fund created by law therefor, are to be used for salaries, support or any proper purpose, expenditures shall be made therefrom for any such purpose only to the extent of the amount therein appropriated, unless otherwise stated herein, or authorized pursuant to Section 11006 of the Government Code.

(d) Appropriations for purposes not otherwise provided for herein that have been heretofore made by any existing constitutional or statutory provision shall continue to be governed thereby.

LEGISLATIVE/JUDICIAL/EXECUTIVE

Legislative

Item	Amount
0110-001-0001—For support of Senate.....	84,105,000
Schedule:	
(1) 101001-Salaries of Senators.....	4,800,000
(2) 317295-Mileage .....	10,000
(3) 317292-Expenses .....	1,316,000
(4) 500004-Operating Expenses.....	77,055,000
(5) 317296-Automotive Expenses.....	924,000
Provisions:	
1. The funds appropriated in Schedule (4) are for operating expenses of the Senate, including personal services for officers, clerks, and all other employees, and legislative committees thereof composed in whole or in part of Members of the Senate, and for support of joint expenses of the Legislature, to be transferred by the Controller to the Senate Operating Fund.	
2. The funds appropriated in Schedule (5) are for operating expenses of the Senate relating to the purchase, maintenance, repair, insurance, and other costs of operating automobiles for the use of Members of the Senate, to be transferred by the Controller to the Senate Operating Fund.	
3. The funds appropriated in Schedules (1), (2), (3), and (5) may be transferred to or from the Senate Operating Fund.	
0120-011-0001—For support of Assembly .....	114,130,000
Schedule:	
(1) 101001-Salaries of Assembly Mem- bers .....	9,324,000
(2) 317295-Mileage .....	8,000
(3) 317292-Expenses .....	2,392,000
(4) 500004-Operating Expenses.....	101,778,000
(5) 317296-Automotive Expenses.....	628,000
Provisions:	
1. The funds appropriated in Schedule (4) are for operating expenses of the Assembly, including personal services for officers, clerks, and all other employees, and legislative committees thereof composed in whole or in part of Members of the Assembly, and for support of joint expenses of the Legislature, to be transferred by the Controller to the Assembly Operating Fund.	

Item	Amount
2. The funds appropriated in Schedule (5) are for operating expenses of the Assembly relating to the lease, maintenance, repair, insurance, and other costs of operating automobiles for the use of Members of the Assembly, to be transferred by the Controller to the Assembly Operating Fund.	
3. The funds appropriated by Schedules (1), (2), (3), and (5) may be transferred to or from the Assembly Operating Fund.	
0130-021-0001—For support of Office of the Legislative Analyst.....	0
Schedule:	
(1) Expenses of the Office of the Legislative Analyst .....	5,466,000
(2) Transferred from Item 0110-001-0001 .....	-2,733,000
(3) Transferred from Item 0120-011-0001 .....	-2,733,000
Provisions:	
1. The funds appropriated in Schedule (1) are for the expenses of the Office of the Legislative Analyst and of the Joint Legislative Budget Committee for any charges, expenses, or claims either may incur, available without regard to fiscal years, to be paid on certification of the Chairperson of the Joint Legislative Budget Committee.	
2. Funds identified in Schedules (2) and (3) may be transferred from the Senate Operating Fund, by the Senate Committee on Rules, and the Assembly Operating Fund, by the Assembly Committee on Rules.	
0160-001-0001—For support of Legislative Counsel Bureau.....	77,765,000
Schedule:	
(1) Support.....	75,896,000
(1.5) Costs related to litigation.....	2,000,000
(2) Reimbursements.....	-131,000
Provisions:	
1. The funds appropriated in Schedule (1.5) may only be used for costs related to litigation, including, but not limited to, attorney’s fees, court costs, and expert witness fees. Any funds remaining on June 30, 2003, shall revert to the General Fund.	



Item	Judicial	Amount
0250-001-0001—For support of Judiciary .....		278,350,000
Schedule:		
(1) 10-Supreme Court .....	37,504,000	
(2) 20-Courts of Appeal .....	168,928,000	
(3) 30-Judicial Council .....	73,930,000	
(4) 50-Habeas Corpus Resource Center	10,084,000	
(5) 97.20.001-Unallocated Reduction...	-6,714,000	
(6) Reimbursements .....	-2,755,000	
(7) Amount payable from the Motor Vehicle Account, State Transporta- tion Fund (Item 0250-001-0044)...	-132,000	
(8) Amount payable from the Court In- terpreters' Fund (Item 0250-001- 0327) .....	-84,000	
(9) Amount payable from the Federal Trust Fund (Item 0250-001-0890).	-2,411,000	
Provisions:		
1. Notwithstanding Section 26.00 of this act, the funds appropriated or scheduled in this item may be allocated or reallocated among categories by order of the Judicial Council.		
2. Of the funds appropriated in this item, \$200,000 is available for reimbursement to the Attorney General, or for hiring outside counsel, for pre-litigation and litigation fees and costs, including any judgment, stipulated judgment, offer of judgment or settlement. This amount is for use in connection with 1) matters arising from the actions of appellate courts, appellate court bench officers, or appellate court employees; 2) matters arising from the actions of the Judicial Council, council members or council employees or agents; 3) matters arising from the actions of the Administrative Office of the Courts or its employees; or 4) employment litigation arising from the actions of trial courts, trial court bench officers, or trial court employees. Either the state or the Judicial Council must be named as a defendant or alleged to be the responsible party. Any funds not used for this purpose shall revert to the General Fund.		
3. Notwithstanding any other provision of law, up to \$5,000,000 appropriated in this item may be transferred to Item 0250-101-0001 by the Controller at the request of the Administrative Office of the Courts, to cover any short-term cashflow is-		

Item	Amount
<p>sues that occur. Any funds transferred shall be repaid to this item from Item 0250-101-0001. The Judicial Council shall notify the Department of Finance and the Joint Legislative Budget Committee when any transfer is made pursuant to this provision, and upon repayment of the transfer.</p> <p>4. The funds appropriated by Schedule (4) shall be available for costs associated directly or indirectly with the California Habeas Corpus Resource Center (CHCRC). The CHCRC shall report to the Legislature and the Department of Finance on September 1, 2002, and April 1, 2003, on expenditures, specifically detailing personal services expenditures, and operating expenses and equipment expenditures.</p>	
0250-001-0044—For support of Judiciary, for payment to Item 0250-001-0001, payable from the Motor Vehicle Account, State Transportation Fund.....	132,000
0250-001-0327—For support of Judiciary, for payment to Item 0250-001-0001, payable from the Court Interpreters' Fund .....	84,000
0250-001-0890—For support of Judiciary, for payment to Item 0250-001-0001, payable from the Federal Trust Fund.....	2,411,000
0250-003-0001—For support of Judiciary for rental payments on lease revenue bonds .....	196,000
Schedule:	
(1) Base Rental and Fees .....	1,031,000
(2) Insurance .....	11,000
(3) Reimbursements.....	-846,000
Provisions:	
1. The funds appropriated in this item shall be made available for costs associated with rental payments on lease revenue bonds for the Courts of Appeal, 4th District, Division 2, in Riverside, California.	
2. The Controller shall transfer funds appropriated in this item according to a schedule to be provided the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
0250-101-0001—For local assistance, Judiciary .....	13,556,000
Schedule:	
(1) 30.10-Child Support Commissioner Program (AB 1058) .....	42,824,000

Item	Amount
(2) 30.20-California Drug Court Projects .....	2,858,000
(3) 30.30-Federal Child Access and Visitation Grant Program.....	800,000
(4) 30.50-Federal Court Improvement Grant Program .....	700,000
(5) 30.60-Court Appointed Special Advocate (CASA) Program .....	1,924,000
(6) 30.65-Model Self-Help Program ....	832,000
(8) 30.80-Federal Grants—Other .....	775,000
(9) 30.90-Equal Access Fund .....	9,500,000
(10) 30.95-Family Law Information Centers .....	300,000
(11) Reimbursements .....	-44,682,000
(12) Amount payable from Federal Trust Fund (Item 0250-101-0890).	-2,275,000

Provisions:

1. Notwithstanding any other provision of law, up to \$5,000,000 appropriated in Item 0250-001-0001 may be transferred to Item 0250-101-0001 by the Controller at the request of the Administrative Office of the Courts, to cover any short-term cash-flow issues that occur. Any funds transferred shall be repaid from this item to Item 0250-001-0001. The Judicial Council shall notify the Department of Finance and the Joint Legislative Budget Committee when any transfer is made pursuant to this provision, and upon repayment of the transfer.
2. In order to improve equal access and the fair administration of justice, the funds appropriated in Schedule (9) are to be distributed by the Judicial Council through the Legal Services Trust Fund Commission to qualified legal services projects and support centers as defined in Sections 6213 through 6215 of the Business and Professions Code, to be used for legal services in civil matters for indigent persons. This distribution is subject to rules being amended to provide that one-third of the appointments to the commission to oversee this fund shall be made by the Chair of the Judicial Council, pursuant to Judicial Council appointment procedures, consistent with current geographical requirements and current requirements as to the ratio of public and bar members. Also, the chair shall appoint three nonvoting judges, one of whom shall be an appellate justice. The Judicial Council shall approve awards made

Item	Amount
by the commission if the council determines that the awards comply with statutory and other relevant guidelines. Ten percent of the funds in Schedule (9) shall be for joint projects of courts and legal services programs to make legal assistance available to proper litigants and 90 percent of the funds in Schedule (9) shall be distributed consistent with Sections 6216 through 6223 of the Business and Professions Code. The Judicial Council may establish additional reporting or quality control requirements consistent with Sections 6213 through 6223 of the Business and Professions Code.	
0250-101-0890—For local assistance of Judiciary, for payment to Item 0250-101-0001, payable from the Federal Trust Fund .....	2,275,000
0250-301-0660—For capital outlay, Judicial Council, payable from the Public Buildings Construction Fund .....	31,909,000
Schedule:	
(1) 90.20.401-Court of Appeal, Fourth Appellate District Santa Ana: New Courthouse—Working drawings and construction.....	14,350,000
(2) 90.20.501-Court of Appeal, Fifth Appellate District Fresno: New Courthouse—Working drawings and construction.....	17,559,000
Provisions:	
1. The State Public Works Board may issue lease-revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance the construction of the project authorized in this item.	
2. The State Public Works Board and the Judicial Council may obtain interim financing for the project costs authorized in this item from any appropriate source including, but not limited to, the Pooled Money Investment Account pursuant to Sections 16312 and 16313 of the Government Code.	
3. The State Public Works Board may authorize the augmentation of the cost of construction of the project scheduled in this item pursuant to the board's authority under Section 13332.11 of the Government Code. In addition, the State Public	

Item	Amount
Works Board may authorize any additional amount necessary to establish a reasonable construction reserve and to pay the cost of financing including the payment of interest during construction of the project, the costs of financing a debt service fund, and the cost of issuance of permanent financing for the project. This additional amount may include interest payable on any interim financing obtained.	
4. This department is authorized and directed to execute and deliver any and all leases, contracts, agreements or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the scheduled projects.	
5. The State Public Works Board shall not itself be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (commencing with Section 21000 of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (commencing with Section 15800 of the Government Code). This section does not exempt this department from the requirements of the California Environmental Quality Act. This section is intended to be declarative of existing law.	
0280-001-0001—For support of the Commission on Judicial Performance, Program 10 .....	4,055,000
0390-001-0001—For transfer by the Controller to the Judges’ Retirement Fund, for Supreme Court and Appellate Court Justices .....	1,150,000
Provisions:	
1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between Item 0390-001-0001 and Item 0390-101-0001.	
0390-101-0001—For transfer by the Controller to the Judges’ Retirement Fund for Superior Court and Municipal Court Judges .....	85,779,000
Provisions:	
1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between Item 0390-001-0001 and Item 0390-101-0001.	
0450-101-0932—For local assistance, State Trial Court Funding, payable from Trial Court Trust Fund....	2,069,477,000

Item		Amount
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Schedule:

- |   |  |               |
|---|--|---------------|
| (1) 10-Support for operation of the Trial Courts..... |  | 1,872,495,000 |
| (2) 25-Compensation of Superior Court Judges .....    |  | 214,576,000   |
| (3) 35-Assigned Judges.....                           |  | 19,767,000    |
| (4) 45-Court Interpreters .....                       |  | 59,674,000    |
| (5) 97.20.001-Unallocated Reduction...                |  | -97,035,000   |

Provisions:

1. Notwithstanding Section 26.00 of this act, the funds appropriated or scheduled in this item may be allocated or reallocated among categories by the Judicial Council.
2. The amount appropriated in Schedule (3) shall be made available for all judicial assignments. Schedule (3) expenditures for necessary chamber staff may not exceed the staffing level that is necessary to support the equivalent of three judicial officers sitting on assignments at the appellate court level.
3. The funds appropriated in Schedule (2) shall be made available for the payment of workers' compensation claims for trial court judges.
4. The funds appropriated in Schedule (4) shall be for payments for services of contractual court interpreters, and certified and registered court interpreters employed by the courts, and the following court interpreter coordinators: one each in counties of the 1st through the 15th classes, 0.5 each in counties of the 16th through the 31st classes, and 0.25 each in counties of the 32nd through 58th classes. Courts in counties with a population of 500,000 or less are encouraged, but not required, to coordinate interpreter services on a regional basis. For the purposes of this provision, "court interpreter coordinators" may be full- or part-time court employees, or those contracted by the court to perform these services.

The Judicial Council shall set statewide or regional rates and policies for payment of court interpreters, not to exceed the rate paid to certified interpreters in the federal court system. The Judicial Council shall adopt appropriate rules and procedures for the administration of these funds. The Judicial Council shall report to the Legislature and Director of the Department of Finance annually regarding expenditures from this schedule.

Item

Amount

- 5. Of the amount appropriated in this item, \$44,000,000 shall not be available for allocation to the trial courts except to the extent that civil fee revenues above the \$152,000,000 that is currently projected for 2002–03 are deposited in the Trial Court Trust Fund.
- 6. Notwithstanding any other provision of law, the distribution of fines, fees, forfeitures, and penalties reported by the County of San Bernardino for the 1993–94, 1994–95, and 1995–96 fiscal years shall be deemed to be correct and no further reductions or increases shall be made to the distribution for those fiscal years, except for those amounts owed to other local agencies.
- 7. The funds appropriated in Schedule (1) include an augmentation of \$1,175,000 for Court Operations related to Chapter 561 of the Statutes of 1999. It is the intent of the Legislature that these funds only be used for the processing of elder abuse protective orders. Any funds not used for this purpose shall revert to the General Fund.
- 8. In addition to funding approved and appropriated through the program budget process, on an annual basis, it is the intent of the Legislature that the state shall provide, upon the order of the Director of Finance, to the Judicial Council an amount of discretionary funding that is deemed to be fair, reasonable, and fiscally responsible and meets specific criteria established and agreed upon by the Director of the Department of Personnel Administration, Director of Finance, and the Administration Director of the Courts. The level of funding shall be based on factors such as workload, population growth, agreed-upon policy goals, changes in local geographical circumstances and other agreed-upon criteria, which shall include the average percentage salary and benefit increases provided to state employees.

The Judicial Council shall allocate these funds to meet the various needs of the trial courts. This includes the need to negotiate local memoranda of understanding with recognized bargaining agents and to meet other salary and benefit needs of the trial courts.

0450-111-0001—For transfer by the Controller to the Trial Court Trust Fund ..... 1,108,568,000



Item	Amount
Provisions:	
1. To the extent that an amount of discretionary funding is provided to the Judicial Council pursuant to Item 0450-101-0932, Provision 8, upon the order of the Director of Finance, the appropriation in this item may be increased by the corresponding General Fund amount.	
0450-111-0159—For transfer by the Controller, upon order of the Director of Finance, from the Trial Court Improvement Fund, to the General Fund .....	(43,110,000)
0450-112-0001—For transfer by the Controller to the Judicial Administration Efficiency and Modernization Fund .....	26,122,000
0450-112-0556—For local assistance, State Trial Court Funding, payable from the Judicial Administration Efficiency and Modernization Fund.....	34,122,000
Executive	
0500-001-0001—For support of Governor and of Governor’s office .....	5,812,000
Schedule:	
(1) Support.....	5,737,000
(2) Governor’s Residence (Support) ....	35,000
(3) Special Contingent Expenses .....	40,000
Provisions:	
1. The funds appropriated in Schedules (2) and (3) of this item are exempt from the provisions of Sections 925.6, 12410, and 13320 of the Government Code.	
0510-001-0001—For support of Secretary of State and Consumer Services .....	742,000
Schedule:	
(1) Support.....	1,267,000
(2) Reimbursements.....	-525,000
0520-001-0044—For support of Secretary for Business, Transportation and Housing, payable from the Motor Vehicle Account, State Transportation Fund.....	972,000
Schedule:	
(1) 10-Administration of Business, Transportation and Housing Agency .....	2,254,000
(2) 30-Agency Audits Office.....	401,000
(3) Reimbursements.....	-1,683,000
0530-001-0001—For support of Secretary for California Health and Human Services .....	1,173,000

Item	Amount
Schedule:	
(1) 10-Secretary for California Health and Human Services Agency.....	2,246,000
(2) Reimbursements.....	-1,073,000
0530-017-0001—For support of Secretary for California Health and Human Services Agency.....	2,045,000
Schedule:	
(1) 21-Office of HIPAA Implementation.....	2,624,000
(2) Reimbursements.....	-579,000
Provisions:	
1. The funding appropriated in this item is limited to the amount specified in Control Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.	
0530-495—Reversion, Secretary for California Health and Human Services Agency. As of June 30, 2002, \$215,000 of the appropriation provided in the following citation shall revert to the fund balance of the fund from which the appropriation was made.	
0001—General Fund	
(1) Item 0530-001-0001, Budget Act of 2001 (Ch. 106, Stats. 2001)	
0540-001-0001—For support of Secretary for Resources.....	1,481,000
Schedule:	
(1) 10-Administration of Resources Agency.....	18,083,000
(2) Reimbursements.....	-514,000
(3) Amount payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Item 0540-001-0005).	-2,071,000
(4) Amount payable from the California Environmental License Plate Fund (Item 0540-001-0140).....	-2,560,000
(5) Amount payable from the Environmental Enhancement and Mitigation Demonstration Program Fund (Item 0540-001-0183).....	-124,000
(6) Amount payable from the Federal Trust Fund (Item 0540-001-0890).	-10,014,000
(7) Amount payable from the River Protection Subaccount (Item 0540-001-6015).....	-16,000

Item	Amount
(8) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 0540-001-6029).....	-1,303,000
0540-001-0005—For support of Secretary for Resources, for payment to Item 0540-001-0001, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund .....	2,071,000
Provisions:	
1. The funds appropriated in this item for the Folsom Powerhouse State Park shall be available for encumbrance through fiscal year 2004–05 for purposes of support, local assistance, or capital outlay.	
2. The funds received by other state agencies from this item are exempt from the reporting requirements of Section 28.50 of the Budget Act.	
0540-001-0140—For support of Secretary for Resources, for payment to Item 0540-001-0001, payable from the California Environmental License Plate Fund ...	2,560,000
0540-001-0183—For support of Secretary for Resources, for payment to Item 0540-001-0001, payable from the Environmental Enhancement and Mitigation Demonstration Program Fund.....	124,000
0540-001-0546—For support of Secretary for Resources, Program 10-Administration of Resources Agency, payable from the Bay-Delta Ecosystem Restoration Account .....	153,533,000
Provisions:	
1. The funds appropriated in this item may be allocated for expenditure by the Resources Agency for projects consistent with Section 78684 of the Water Code.	
2. The funds received by other state agencies from this item are exempt from the reporting requirements of Section 28.50 of the Budget Act.	
3. The funds appropriated in this item are available for encumbrance for the purposes of support, local assistance or capital outlay through fiscal year 2003–04.	
0540-001-0890—For support of Secretary for Resources, for payment to Item 0540-001-0001, payable from the Federal Trust Fund.....	10,014,000
Provisions:	
1. The funds appropriated in this item for the Coastal Impact Assistance Program shall be available for	

Item	Amount
<p>purposes of support, local assistance, or capital outlay.</p> <p>2. The funds received by other state agencies from this item for the Coastal Impact Assistance Program are exempt from the reporting requirements of Section 28.50 of the Budget Act.</p>	
0540-001-6015—For support of Secretary for Resources, for payment to Item 0540-001-0001, payable from the River Protection Subaccount .....	16,000
0540-001-6029—For support of Secretary for Resources, for payment to Item 0540-001-0001, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund.....	1,303,000
0540-101-6015—For local assistance, Secretary for Resources, payable from the River Protection Subaccount.....	8,050,000
Schedule:	
(1) San Diego River .....	2,000,000
(2) Tuolumne River .....	625,000
(3) San Gabriel River .....	3,000,000
(4) San Dieguito River.....	2,000,000
(5) Coyote Creek Valley Trail .....	425,000
Provisions:	
1. The funds appropriated in this item are available for encumbrance until June 30, 2005, for purposes of support, local assistance, or capital outlay.	
2. The funds received by other state agencies from this item are exempt from the reporting requirements of Section 28.50 of this act.	
0540-101-6029—For local assistance, Secretary for Resources, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund .....	56,200,000
Schedule:	
(1) Mill Creek .....	1,000,000
(2) Big River .....	1,000,000
(3) Sierra Cascades .....	5,000,000
(4) American River.....	2,500,000
(5) Yuba River.....	4,000,000
(6) Central Coast Rivers .....	9,600,000
(7) Santa Ana River .....	10,000,000
(8) Ballona Creek .....	1,500,000
(9) Tuolumne River .....	2,000,000
(10) San Diego River.....	10,000,000
(11) Otay River Parkway .....	1,000,000
(12) Opportunity Grants.....	8,600,000

Item	Amount
Provisions:	
1. The funds appropriated in this item shall be available for encumbrance through fiscal year 2004–05 for purposes of support, local assistance or capital outlay.	
2. The funds received by other state agencies from this item are exempt from the reporting requirements of Section 28.50 of the Budget Act.	
3. Notwithstanding Section 26.00 of this act, funds may be transferred between items shown in this schedule or may be allocated to another project. The Director of Finance shall notify in writing the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee of the transfer.	
0540-490—Reappropriation, Resources Agency. Notwithstanding any other provision of law, the balance of the appropriation provided in the following citation is reappropriated for the purposes provided for in that appropriation and shall be available for encumbrance and expenditure until June 30, 2005.	
0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund	
(1) Item 0540-101-0005, Budget Act of 2000 (Ch. 52, Stats. 2000)	
0540-491—Reappropriation, Resources Agency. Notwithstanding any other provision of law, the balance of the appropriation provided in the following citation is reappropriated for the purposes provided for in that appropriation and shall be available for encumbrance and expenditure until June 30, 2005.	
6015—River Protection Subaccount	
(1) Item 0540-101-6015, Budget Act of 2001 (Ch. 106, Stats. 2001)	
0540-492—Extension of liquidation period, Resources Agency. Notwithstanding any other provision of law, funds appropriated in the following citations shall be available for liquidation until June 30, 2003:	
0001—General Fund	
(1) Item 0540-101-0001, Budget Act of 1997 (Ch. 282, Stats. 1997)	
(2) Item 0540-101-0001, Budget Act of 1998 (Ch. 324, Stats. 1998)	
(3) Item 0540-101-0001, Budget Act of 1999 (Ch. 50, Stats. 1999)	

Item	Amount
(4) Item 0540-102-0001, Budget Act of 1999 (Ch. 50, Stats. 1999)	
6015—River Protection Subaccount	
(1) Item 0540-101-6015, Budget Act of 2000 (Ch. 52, Stats. 2000)	
0550-001-0001—For support of Secretary for Youth and Adult Correctional Agency.....	969,000
Schedule:	
(1) 10-Secretary for Youth and Adult Correctional Agency.....	1,227,000
(2) Reimbursements.....	-258,000
0552-001-0001—For support of Office of the Inspector General, Program 10.....	8,985,000
0553-001-0001—For support of the Office of the Inspector General for Veterans Affairs .....	441,000
Schedule:	
(1) 10-Inspector General for Veterans Affairs .....	531,000
(2) Amount payable from the Veterans' Farm and Home Building Fund of 1943 (Item 0553-001-0592).....	-90,000
0553-001-0592—For support of the Office of the Inspector General for Veterans Affairs, for payment to Item 0553-001-0001, payable from the Veterans' Farm and Home Building Fund of 1943.....	90,000
0555-001-0001—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044.....	1,695,000
0555-001-0014—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Hazardous Waste Control Account .....	355,000
0555-001-0028—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Unified Program Account ..	823,000
0555-001-0044—For support of Secretary for Environmental Protection, payable from the Motor Vehicle Account, State Transportation Fund.....	605,000
Schedule:	
(1) 10-Environmental Protection Programs .....	5,107,000
(2) 20-Special Environmental Programs .....	(2,114,000)
(a) 20.10-Permit Assistance Centers.....	479,000
(b) 20.15-Scientific Peer Review .....	651,000

Item	Amount
(c) 20.20-Circuit Prosecutor Project .....	455,000
(d) 20.30-Environmental Enforcement ....	529,000
(3) Reimbursements .....	-1,784,000
(4) Amount payable from the General Fund (Item 0555-001-0001).....	-1,695,000
(5) Amount payable from the Hazardous Waste Control Account (Item 0555-001-0014) .....	-355,000
(6) Amount payable from the Unified Program Account (Item 0555-001-0028).....	-823,000
(7) Amount payable from the California Used Oil Recycling Fund (Item 0555-001-0100) .....	-31,000
(8) Amount payable from the Pesticide Regulation Fund (Item 0555-001-0106).....	-219,000
(9) Amount payable from the Recycling Market Development Revolving Loan Account (Item 0555-001-0281) .....	-161,000
(10) Amount payable from the Integrated Waste Management Account, Integrated Waste Management Fund (Item 0555-001-0387).	-457,000
(11) Amount payable from the Underground Storage Tank Cleanup Fund (Item 0555-001-0439).....	-57,000
(12) Amount payable from the State Water Quality Control Fund (Item 0555-001-0679) .....	-134,000
(13) Amount payable from the Rural CUPA Reimbursement Account (Item 0555-001-1006) .....	-900,000
Provisions:	
1. Notwithstanding subdivision (b) of Section 48653 of the Public Resources Code, funds appropriated in this item shall be available for purposes of administration.	
0555-001-0100—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the California Used Oil Recycling Fund.....	31,000



Item	Amount
0555-001-0106—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Department of Pesticide Regulation Fund .....	219,000
0555-001-0281—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Recycling Market Development Revolving Loan Account, Integrated Waste Management Fund .....	161,000
0555-001-0387—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Integrated Waste Management Account, Integrated Waste Management Fund .....	457,000
0555-001-0439—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Underground Storage Tank Cleanup Fund .....	57,000
0555-001-0679—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the State Water Quality Control Fund .....	134,000
0555-001-1006—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Rural CUPA Reimbursement Account .....	900,000
0555-011-0001—For transfer by the State Controller to the Rural CUPA Reimbursement Account .....	900,000
0558-001-0001—For support of the Office of the Secretary for Education.....	1,142,000
Schedule:	
(1) Secretary for Education .....	1,142,000
Provisions:	
1. The amount appropriated in this item is intended for support of the Education Agency. The appropriation is an estimate of the funding needs from January 1, 2003, to June 30, 2003, inclusive. Legislation establishing the agency will be introduced and, if enacted, would be effective on or before January 1, 2003. In the event that legislation creating the agency is not effective on or before January 1, 2003, or the funds are needed prior to January 1, 2003, the unexpended balance of the funds appropriated by this item shall be available for expenditure pursuant to Item 0650-011-0001, as authorized by the Director of Finance.	

Item	Amount
0559-001-0001—For support of the California Labor and Workforce Development Agency .....	244,000
Schedule:	
(1) 10-Office of the Secretary for Labor and Workforce Development .....	1,779,000
(2) Amount payable from the Federal Trust Fund (Item 0559-001-0890).	-104,000
(3) Reimbursements .....	-1,431,000
Provisions:	
1. Funds appropriated in this item shall be available for expenditure upon the chaptering of legislation outlining the roles and responsibilities of the Labor and Workforce Development Agency.	
0559-001-0890—For support of the California Labor and Workforce Development Agency for payment to Item 0559-001-0001, payable from the Federal Trust Fund .....	104,000
0650-001-0001—For support of Office of Planning and Research .....	4,118,000
Schedule:	
(1) 11-State Planning and Policy Development.....	5,587,000
(2) 21-Governor’s Office on Service and Volunteerism.....	2,896,000
(2.5) 97.20.001—Unallocated Reduction.....	-372,000
(3) Reimbursements.....	-971,000
(4) Amount payable from the Property Acquisition Law Money Account (Item 0650-001-0002) .....	-490,000
(5) Amount payable from the Federal Trust Fund (Item 0650-001-0890).....	-2,532,000
0650-001-0002—For support of Office of Planning and Research, for payment to Item 0650-001-0001, payable from the Property Acquisition Law Money Account.....	490,000
0650-001-0890—For support of Office of Planning and Research, for payment to Item 0650-001-0001, payable from the Federal Trust Fund .....	2,532,000
0650-011-0001—For support of Office of Planning and Research .....	1,142,000
Schedule:	
(1) Office of the Secretary for Education.....	1,152,000
(2) Reimbursements.....	-10,000

Item	Amount
Provisions:	
1. The funds appropriated in this item are intended for support of the Education Agency. The appropriation is an estimate of the funding needs from July 1, 2002, to December 31, 2002, inclusive. Legislation establishing the agency will be introduced and, if enacted, would be effective on or before January 1, 2003. After the effective date of such legislation, and upon the determination that all obligations of the agency in the Office of Planning and Research have been met, the unexpended balance of the funds appropriated by this item shall be available for expenditure pursuant to Item 0558-001-0001, as authorized by the Director of Finance.	
0650-101-0890—For local assistance, Office of Planning and Research, Program 21-Governor’s Office on Service and Volunteerism, payable from the Federal Trust Fund.....	45,800,000
Provisions:	
1. The funds appropriated in this item are for local assistance allocations approved by the Governor’s Office on Service and Volunteerism.	
0650-111-0001—For local assistance, Office of Planning and Research for the Office of the Secretary for Education (Proposition 98).....	5,700,000
Provisions:	
1. Of the funds appropriated in this item, \$5,700,000 shall be allocated by the Office of the Secretary for Education for the Academic Volunteer and Mentor Service Program.	
0650-114-0001—For local assistance, Office of Planning and Research for the Office of the Secretary for Education, for purposes of funding School-to-Career Partnerships, pursuant to Chapter 17 (commencing with Section 53080) of Part 28 of the Education Code (Proposition 98).....	2,000,000
Provisions:	
1. For purposes of the local school-to-career partnership grants, local educational agencies may elect to contract with nonprofit or private entities for providing service delivery. Funds appropriated in this item shall be used as matching funds to cash or in-kind contributions raised by local educational agencies, or nonprofit or private entities contracted by local educational agencies, for	

Item	Amount
School-to-Career Partnerships. No funds shall be disbursed from this appropriation until the requesting local educational agency, and or contracting nonprofit entity or private entity has demonstrated to the Interagency Partnership for School-to-Career Programs that it has raised matching funds from nonprofit and private entities equal to or exceeding the state contribution.	
0690-001-0001—For support of Office of Emergency Services .....	32,539,000
Schedule:	
(1) 15-Mutual Aid Response .....	15,358,000
(2) 35-Plans and Preparedness.....	16,716,000
(3) 45-Disaster Assistance .....	23,260,000
(4) 55.01-Administration and Executive.....	5,880,000
(5) 55.02-Distributed Administration and Executive .....	-4,985,000
(6) Reimbursements .....	-2,113,000
(7) Amount payable from the Unified Program Account (Item 0690-001-0028).....	-613,000
(8) Amount payable from the Nuclear Planning Assessment Special Account (Item 0690-001-0029).....	-890,000
(9) Amount payable from the Federal Trust Fund (Item 0690-001-0890).....	-20,074,000
Provisions:	
1. Funds appropriated in this item may be reduced by the Director of Finance, after giving notice to the Chairperson of the Joint Legislative Budget Committee, by the amount of federal funds made available for the purposes of this item in excess of the federal funds scheduled in Item 0690-001-0890.	
2. The Office of Emergency Services shall charge tuition for all training offered through the California Specialized Training Institute.	
3. Upon the approval by the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 0690-101-0890.	
0690-001-0028—For support of Office of Emergency Services, for payment to Item 0690-001-0001, payable from the Unified Program Account .....	613,000

Item	Amount
0690-001-0029—For support of Office of Emergency Services, for payment to Item 0690-001-0001, payable from the Nuclear Planning Assessment Special Account .....	890,000
0690-001-0890—For support of Office of Emergency Services, for payment to Item 0690-001-0001, payable from the Federal Trust Fund .....	20,074,000
Provisions:	
1. Any funds that may become available, in addition to the funds appropriated in this item, for disaster response and recovery may be allocated by the Department of Finance subject to the conditions of Section 28.00 of this act, except that, notwithstanding subdivision (d) of that section, the allocations may be made 30 days or less after notification of the Legislature.	
2. Notwithstanding any other provision of law, the funds appropriated in this item may be expended without regard to the fiscal year in which the application for reimbursement was submitted to the Federal Emergency Management Agency.	
0690-101-0029—For local assistance, Office of Emergency Services, Program 35—Plans and Preparedness, payable from the Nuclear Planning Assessment Special Account.....	2,134,000
0690-101-0890—For local assistance, Office of Emergency Services, payable from the Federal Trust Fund .....	555,365,000
Schedule:	
(1) 35-Plans and Preparedness.....	17,249,000
(2) 45-Disaster Assistance.....	538,116,000
Provisions:	
1. Any federal funds that may become available in addition to the funds appropriated in this item for Program 45—Disaster Assistance are exempt from Section 28.00 of this act.	
0690-112-0001—For local assistance, Office of Emergency Services, for disaster recovery costs .....	25,473,000
Provisions:	
1. The funds appropriated in this item are for the state’s share of response and recovery costs for disasters.	
0690-295-0001—For local assistance, Office of Emergency Services, for reimbursement, in accordance with the provision of Section 6 of Article XIII B of the California Constitution or Section 17561 of the	

Item	Amount
Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller .....	0
Schedule:	
(1) 98.01.103.280-Deaf Teletype Equipment (Ch. 1032, Stats. 1980).....	0
(2) 98.01.133.487-CPR Pocket Masks (Ch. 1334, Stats. 1987).....	0
Provisions:	
1. Pursuant to Section 17581 of the Government Code, the mandate identified in the appropriation schedule of this item with an appropriation of \$0 and included in the language of this provision is specifically identified by the Legislature for suspension during the 2002–03 fiscal year:	
(1) Deaf Teletype Equipment (Ch. 1032, Stats. 1980).	
(2) CPR Pocket Masks (Ch. 1334, Stats. 1987).	
0750-001-0001—For support of Office of the Lieutenant Governor.....	2,461,000
0820-001-0001—For support of Department of Justice..	289,607,000
Schedule:	
(1) 11.01-Directorate-Administration.....	25,037,000
(2) 11.02-Distributed Directorate-Administration .....	-23,955,000
(3) 12.01-Legal Support and Technology .....	41,095,000
(4) 12.02-Distributed Legal Support and Technology.....	-41,095,000
(5) 25-Executive Programs.....	15,222,000
(6) 30-Civil Law.....	103,990,000
(7) 40-Criminal Law.....	90,980,000
(8) 45-Public Rights .....	55,980,000
(9) 50-Law Enforcement.....	160,588,000
(10) 60-Criminal Justice Information Services.....	152,353,000
(11) 65-Gambling Control.....	14,282,000
(12) 70-Firearms.....	10,995,000
(12.5) Unallocated Reduction.....	-10,000,000
(13) Reimbursements.....	-140,184,000
(14) Amount payable from the Attorney General Antitrust Account (Item 0820-001-0012) .....	-1,103,000

Item	Amount
(15) Amount payable from Hazardous Waste Control Account (Item 0820-001-0014) .....	-1,642,000
(16) Amount payable from Firearms Safety Training Fund Special Account (Item 0820-001-0015) .....	-235,000
(17) Amount payable from the Fingerprint Fees Account (Item 0820-001-0017) .....	-56,036,000
(18) Amount payable from Firearms Safety Account (Item 0820-001-0032) .....	-324,000
(19) Amount payable from the Motor Vehicle Account, State Transportation Fund (Item 0820-001-0044) .....	-19,532,000
(20) Amount payable from the Department of Justice Sexual Habitual Offender Fund (Item 0820-001-0142) .....	-2,440,000
(21) Amount payable from the Travel Seller Fund (Item 0820-001-0158) .....	-961,000
(22) Amount payable from Conservatorship Registry Fund (Item 0820-001-0195) .....	-48,000
(23) Amount payable from the Restitution Fund (Item 0820-001-0214) .....	-54,000
(24) Amount payable from the Sexual Predator Public Information Account (Item 0820-001-0256) .....	-53,000
(24.5) Amount payable from the Indian Gaming Special Distribution Fund (Item 0820-001-0367) .....	-9,872,000
(25) Amount payable from the False Claims Act Fund (Item 0820-001-0378) .....	-10,752,000
(26) Amount payable from the Dealers' Record of Sale Special Account (Item 0820-001-0460) .....	-8,222,000
(27) Amount payable from the Toxic Substances Control Account (Item 0820-001-0557) .....	-1,966,000
(28) Amount payable from the Department of Justice Child Abuse Fund (Item 0820-001-0566) .....	-344,000



Item	Amount
(29) Amount payable from the Gambling Control Fund (Item 0820-001-0567).....	-5,178,000
(30) Amount payable from the Gambling Control Fines and Penalties Account (Item 0820-001-0569).....	-296,000
(31) Amount payable from the Federal Trust Fund (Item 0820-001-0890).....	-28,018,000
(32) Amount payable from the Federal Asset Forfeiture Account, Special Deposit Fund (Item 0820-001-0942).....	-4,490,000
(33) Amount payable from the State Asset Forfeiture Account, Special Deposit Fund (Item 0820-011-0942).....	-466,000
(34) Amount payable from the Firearms Safety and Enforcement Special Fund (Item 0820-001-1008) ..	-2,630,000
(35) Amount payable from the Special Telephone Solicitors Fund (Item 0820-001-1009).....	-8,200,000
(36) Amount payable from the Missing Persons DNA Database Fund (Item 0820-001-3016) .....	-2,819,000

Provisions:

1. The Attorney General shall submit to the Legislature, the Department of Finance, and the Governor the quarterly and annual reports that he or she submits to the federal government on the activities of the Medi-Cal Fraud Unit.
2. Notwithstanding any other provision of law, the Department of Justice may purchase or lease vehicles of any type or class that, in the judgment of the Attorney General or his or her designee, are necessary to the performance of the investigatory and enforcement responsibilities of the Department of Justice, from the funds appropriated for that purpose in this item.
3. Notwithstanding Section 28.50 of this act, the Attorney General may augment the reimbursement authority provided in this item by up to an aggregate of 10 percent above the amount approved in this act for the Civil Law Division and the Public Rights Division in cases where the legal represen-

Item	Amount
<p>tation needs of client agencies are secured by an interagency agreement or letter of commitment and the corresponding expenditure authority has not been provided in this item. The Attorney General shall notify the chairpersons of the budget committees, the Joint Legislative Budget Committee and the Department of Finance within 15 days after the augmentation is made as to the amount and justification of the augmentation, and the program that has been augmented.</p> <p>4. Of the amount appropriated in Schedule (10) of this item, \$2,990,000 is not available unless the department receives approval from the Department of Finance and the Department of Information Technology to proceed with the proposed equipment expansion to meet workload growth.</p>	
0820-001-0012—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Attorney General Antitrust Account .....	1,103,000
0820-001-0014—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Hazardous Waste Control Account.....	1,642,000
0820-001-0015—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Firearms Safety Training Fund Special Account.....	235,000
0820-001-0017—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Fingerprint Fees Account, pursuant to subdivision (e) of Section 11105 of the Penal Code.....	56,036,000
0820-001-0032—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Firearms Safety Account .....	324,000
0820-001-0044—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Motor Vehicle Account, State Transportation Fund .....	19,532,000
0820-001-0142—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Department of Justice Sexual Habitual Offender Fund .....	2,440,000
Provisions:	
<p>1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.</p>	

Item	Amount
0820-001-0158—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Travel Seller Fund .....	961,000
0820-001-0195—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Conservatorship Registry Fund.....	48,000
0820-001-0214—For support of Department of Justice, for payment to Item 0820-001-0001, payable from Restitution Fund .....	54,000
0820-001-0256—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Sexual Predator Public Information Account.....	53,000
0820-001-0367—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Indian Gaming Special Distribution Fund .....	9,872,000
Provisions:	
<p>1. Of the amount appropriated in this item, \$1,052,000 is for the License 2000 Database System which will only be available for expenditure upon execution of an interagency agreement between the California Gambling Control Commission and the Department of Justice. The interagency agreement shall provide for joint administration of the system by the commission and the department such that each agency shall have full access to system control for accomplishment of the agency’s respective functions. The interagency agreement between the commission and the department shall further define related roles, responsibilities, and working arrangements as they are related to the License 2000 Database System. A copy of the executed interagency agreement shall be submitted to the Department of Finance before any funds may be encumbered for development or implementation of the License 2000 Database System.</p>	
0820-001-0378—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the False Claims Act Fund.....	10,752,000
0820-001-0460—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Dealers’ Record of Sale Special Account .....	8,222,000
Provisions:	
<p>1. Dealers’ Record of Sale fees collected pursuant to the state law for the registration of assault weapons shall not exceed \$20 per registrant.</p>	

Item	Amount
0820-001-0557—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Toxics Substances Control Account .....	1,966,000
0820-001-0566—For support of Department of Justice, for payment to Item 0820-001-0001, payable from Department of Justice Child Abuse Fund.....	344,000
0820-001-0567—For support of Department of Justice, for payment to Item 0820-001-0001, payable from Gambling Control Fund .....	5,178,000
0820-001-0569—For support of Department of Justice, for payment to Item 0820-001-0001, payable from Gambling Control Fines and Penalties Account .....	296,000
Provisions:	
1. Of the amount appropriated in this item, \$263,000 is for the License 2000 Database System which will only be available for expenditure upon execution of an interagency agreement between the California Gambling Control Commission and the Department of Justice. The interagency agreement shall provide for joint administration of the system by the commission and the department such that each agency shall have full access to system control for accomplishment of the agency’s respective functions. The interagency agreement between the commission and the department shall further define related roles, responsibilities, and working arrangements as they are related to the License 2000 Database System. A copy of the executed interagency agreement shall be submitted to the Department of Finance before any funds may be encumbered for development or implementation of the License 2000 Database System.	
0820-001-0890—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Federal Trust Fund.....	28,018,000
0820-001-0942—For support of Department of Justice, for payment to Item 0820-001-0006, payable from the Federal Asset Forfeiture Account, Special Deposit Fund .....	4,490,000
0820-001-1008—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Firearms Safety and Enforcement Special Fund.	2,630,000
0820-001-1009—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Special Telephone Solicitor Fund .....	8,200,000

Item	Amount
0820-001-3016—For support of Department of Justice, for payment to Item 0820-001-3016 payable from the Missing Persons DNA Database Fund .....	2,819,000
0820-003-0001—For support of Department of Justice for rental payments on lease revenue bonds.....	2,228,000
Schedule:	
(1) Base Rental and Fees .....	2,217,000
(2) Insurance .....	11,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
0820-011-0017—For transfer by the Controller, upon order of the Director of Finance, from the Fingerprint Fees Account, to the General Fund .....	(2,000,000)
0820-011-0378—For transfer by the Controller, upon order of the Director of Finance, from the False Claims Act Fund, to the General Fund.....	(2,000,000)
0820-011-0942—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the State Asset Forfeiture Account, Special Deposit Fund .....	466,000
0820-012-0001—For transfer by the Controller to the Special Telephone Solicitor Fund .....	(1,000,000)
Provisions:	
1. The amount transferred in this item is a loan to the Special Telephone Solicitor Fund. The Department of Justice shall expend these funds to conduct activities pursuant to the duties specified by Chapter 695 of the Statutes of 2001. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. Principal and interest on the loan shall be repaid in full no later than June 30, 2004.	
0820-101-0001—For local assistance, Department of Justice.....	4,464,000
Schedule:	
(1) 25-Executive Programs.....	1,783,000
(2) 40-Criminal Law .....	3,045,000
(3) Reimbursements.....	-364,000
Provisions:	
1. Of the funds appropriated in Schedule (1), \$1,419,000 shall be allocated to community-	

Item	Amount
<ul style="list-style-type: none"> <li>based violence prevention activities related to the California Gang, Crime and Violence Prevention Partnership Program, pursuant to Chapter 885 of the Statutes of 1997.</li> <li>2. The funds appropriated in Schedule (2) shall be allocated to district attorneys for vertical prosecution activities related to implementation of the Battered Women Protection Act of 1994, pursuant to Chapter 140 of the Statutes of 1994.</li> </ul>	
0820-101-0214—For local assistance, Department of Justice, payable from the Restitution Fund .....	2,946,000
Schedule:	
(1) 50-Law Enforcement.....	2,946,000
Provisions:	
<ul style="list-style-type: none"> <li>1. The funds appropriated in Schedule (1) are for allocation in support of the California Witness Protection Program, pursuant to Chapter 507 of the Statutes of 1997. Any funds not expended for this specific purpose shall revert to the Restitution Fund.</li> <li>2. Of the amount appropriated in this item and the amount appropriated in Item 0820-001-0214, the department may expend up to \$150,000 for the administration of the California Witness Protection Program, including the review of appropriate policies and procedures for the submittal and review of claims.</li> </ul>	
0820-101-0460—For local assistance, Department of Justice payable from Dealers’ Record of Sale Special Account .....	123,000
Schedule:	
(1) 60-Criminal Justice Information Services.....	35,000
(2) 70-Firearms.....	88,000
0820-101-0641—For local assistance, Department of Justice, payable from the Domestic Violence Restraining Order Reimbursement Fund .....	1,918,000
Provisions:	
<ul style="list-style-type: none"> <li>1. The funds appropriated in this item shall be expended to reimburse local law enforcement or other criminal justice agencies pursuant to Chapter 707 of the Statutes of 1998.</li> </ul>	
0820-111-0001—For transfer by the Controller to the Department of Justice DNA Testing Fund.....	225,000

Item	Amount
Provisions:	
1. The amount transferred in this item shall be expended to reimburse counties pursuant to Chapter 696 of the Statutes of 1998.	
0820-111-0255—For local assistance, Department of Justice, payable from the Department of Justice DNA Testing Fund.....	225,000
Provisions:	
1. The funds appropriated in this item shall be expended to reimburse counties pursuant to Chapter 696 of the Statutes of 1998.	
0820-295-0001—For local assistance, Department of Justice, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller .....	3,000
Schedule:	
(1) 98.01.139.976-Custody of Minors (Ch. 1399, Stats. 1976) .....	1,000
(2) 98.01.033.790-Stolen Vehicle Notification (Ch. 337, Stats. 1990).....	1,000
(3) 98.01.110.592-Misdemeanors: Booking/Fingerprinting (Ch. 1105, Stats. 1992) .....	1,000
Provisions:	
1. Except as provided in Provision 2, allocations of funds provided in this item to the appropriate local entities shall be made by the State Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated in this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.	
2. If any of the scheduled amounts are insufficient to provide full reimbursement of costs, the State Controller may, upon notifying the Director of Finance in writing, augment those deficient amounts from the unencumbered balance of any	



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<p>other scheduled amounts therein. No order may be issued pursuant to this provision unless written notification of the necessity therefor is provided to the chairperson of the committee in each house which considers appropriation and the Chairperson of the Joint Legislative Budget Committee or his or her designee.</p>	
<p>0820-301-0660—For capital outlay, Department of Justice payable from the Public Buildings Construction Fund .....</p>	5,518,000
<p>Schedule:</p>	
<p>(1) 85.60.010-Santa Barbara Replacement Laboratory—Construction .....</p>	5,518,000
<p>Provisions:</p>	
<p>1. The State Public Works Board may issue lease-revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance the construction of the project authorized by this item.</p>	
<p>2. The State Public Works Board and the Department of Justice may obtain interim financing for the project costs authorized in this item from any appropriate source including, but not limited to, Section 15849.1 of the Government Code and the Pooled Money Investment Account pursuant to Sections 16312 and 16313 of the Government Code.</p>	
<p>3. The State Public Works Board may authorize the augmentation of the cost of construction of the project scheduled in this item pursuant to the board’s authority under Section 13332.11 of the Government Code. In addition, the State Public Works Board may authorize any additional amount necessary to establish a reasonable construction reserve and to pay the cost of financing, including the payment of interest during construction of the project, the costs of financing a debt service fund, and the cost of issuance of permanent financing for the project. This additional amount may include interest payable on any interim financing obtained.</p>	
<p>4. Each participating agency or department is authorized and directed to execute and deliver any and all leases, contracts, agreements or other documents necessary or advisable to consummate the</p>	

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sale of bonds or otherwise effectuate the financing of the scheduled projects.	
5. The State Public Works Board shall not itself be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (commencing with Section 21000 of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (commencing with Section 15800 of the Government Code). This section does not exempt any participating agency or department from the requirements of the California Environmental Quality Act. This section is intended to be declarative of existing law.	
0840-001-0001—For support of State Controller .....	65,970,000
Schedule:	
(1) 100000-Personal Services .....	66,185,000
(2) 300000-Operating Expenses and Equipment .....	36,560,000
(3) Less funding provided by State Controller’s Statewide Information Technology Projects (Item 0841-001-0001(1)).....	-1,338,000
(4) Reimbursements .....	-27,542,000
(5) Amount payable from the Motor Vehicle Fuel Account, Transportation Tax Fund (Item 0840-001-0061).....	-3,082,000
(6) Amount payable from the Highway Users Tax Account, Transportation Tax Fund (Item 0840-001-0062)...	-855,000
(7) Amount payable from the Local Revenue Fund (Item 0840-001-0330).....	-413,000
(8) Amount payable from the State School Building Lease-Purchase Fund (Item 0840-001-0344).....	-744,000
(9) Amount payable from the Federal Trust Fund (Item 0840-001-0890).	-1,359,000
(10) Amount payable from the State Penalty Fund (Item 0840-001-0903).....	-992,000
(11) Amount payable from various other unallocated nongovernmental cost funds (Retail Sales Tax Fund) (Item 0840-001-0988) .....	-192,000

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(12) Amount payable from various other unallocated special funds (Item 0840-011-0494) .....	-42,000
(13) Amount payable from unallocated bond funds (Item 0840-011-0797).	-175,000
(14) Amount payable from various other unallocated nongovernmental cost funds (Item 0840-011-0988).....	-41,000

Provisions:

1. The appropriation made in this item shall be in lieu of the appropriation in Section 1564 of the Code of Civil Procedure for all costs, expenses, or obligations connected with the administration of the Unclaimed Property Law, with the exception of payment of owners' or holders' claims pursuant to Section 1540, 1542, 1560, or 1561 of the Code of Civil Procedure, or of payment of the costs of compensating contractors for locating and recovering unclaimed property due the state.
2. Of the claims received for reimbursement of court-ordered or voluntary desegregation programs pursuant to Sections 42243.6, 42247, and 42249 of the Education Code, the Controller shall pay only those claims that have been subjected to audit by school districts in accordance with the Controller's procedures manual for conducting audits of education desegregation claims. Furthermore, the Controller shall pay only those past-year actual claims for desegregation program costs that are accompanied by all reports issued by the auditing entity, unless the auditing entity was the Controller.
3. No less than 0.9 personnel-year in the Audits Division shall be used to audit education desegregation claims.
4. The Controller may, with the concurrence of the Director of Finance and the Chairperson of the Joint Legislative Budget Committee, bill affected state departments for activities required by Section 20050 of the State Administrative Manual, relating to the administration of federal pass-through funds.

No billing may be sent to affected departments sooner than 30 days after the Chairperson of the Joint Legislative Budget Committee has been no-

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- ified by the Director of Finance that he or she concurs with the amounts specified in the billings.
5. (a) Notwithstanding subdivision (b) of Section 1531 of the Code of Civil Procedure, the Controller may publish notice in any manner that the Controller determines reasonable, provided that (1) none of the moneys used for this purpose is redirected from funding for the Controller's audit activities, (2) no photograph is used in the publication of notice, and (3) no elected official's name is used in the publication of notice.
  - (b) No funds appropriated in this act may be expended by the Controller to provide general information to the public, other than holders (as defined in subdivision (e) of Section 1501 of the Code of Civil Procedure) of unclaimed property, concerning the unclaimed property program or possible existence of unclaimed property held by the Controller's office, except for informational announcements to the news media, through the exchange of information on electronic bulletin boards, or no more than \$15,000 per year to inform the public about this program in activities already organized by the Controller for other purposes. This restriction does not apply to sending individual notices to property owners (as required in subdivision (d) of Section 1531 of the Code of Civil Procedure).
  6. The Controller's office shall, through audits of Medi-Cal program and providers, enhance the General Fund resources or reduce the General Fund expenditures through identification of over-payments, cost avoidance, and other appropriate measures.
  7. Of the moneys appropriated to the Controller in this act, the Controller shall not expend more than \$500,000 to conduct posteligibility fraud audits of the Supplemental Security Income/State Supplementary Payment Program.
  8. The Commission on State Mandates shall provide, in applicable parameters and guidelines, as follows:
    - (a) If a local agency or school district contracts with an independent contractor for the preparation and submission of reimbursement

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- claims, the costs reimbursable by the state for that purpose shall not exceed the lesser of (1) 10 percent of the amount of the claims prepared and submitted by the independent contractor, or (2) the actual costs that would necessarily have been incurred for that purpose if performed by employees of the local agency or school district.
- (b) The maximum amount of reimbursement provided in subdivision (a) may be exceeded only if the local agency or school district establishes, by appropriate documentation, that the preparation and submission of these claims could not have been accomplished without incurring the additional costs claimed by the local agency or school district.
9. The funds appropriated to the Controller in this act may not be expended for any performance review or performance audit except pursuant to specific statutory authority. It is the intent of the Legislature that audits conducted by the Controller, or under the direction of the Controller, shall be fiscal audits that focus on claims and disbursements, as provided for in Section 12410 of the Government Code. Any report, audit, analysis, or evaluation issued by the Controller for the 2002–03 fiscal year shall cite the specific statutory or constitutional provision authorizing the preparation and release of the report, audit, analysis, or evaluation.
10. The Controller shall deliver his or her monthly report on General Fund cash receipts and disbursements within 10 days after the close of each month to the Joint Legislative Budget Committee, the fiscal committees of the Legislature, the Department of Finance, the Treasurer’s office, and the Office of the Legislative Analyst.
11. For purposes of the review and payment of any claim for reimbursement by local government submitted pursuant to Section 54954.4 of the Government Code, the Controller shall use the procedures that were in effect at the time the claim was submitted.
12. Pursuant to Section 1564 (c) of the Code of Civil Procedure, the State Controller shall transfer all money in the Abandoned Property Account in

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<p>excess of fifty thousand dollars (\$50,000) to the General Fund no less frequently than at the end of each month. This transfer shall include unclaimed Proposition 103 insurance rebate moneys pursuant to Section 1861.01 of the Insurance Code and Section 1523 of the Code of Civil Procedure.</p>	
<p>0840-001-0061—For support of State Controller, for payment to Item 0840-001-0001, payable from the Motor Vehicle Fuel Account, Transportation Tax Fund .....</p>	3,082,000
<p>0840-001-0062—For support of State Controller, for payment to Item 0840-001-0001, payable from the Highway Users Tax Account, Transportation Tax Fund .....</p>	855,000
<p>0840-001-0330—For support of State Controller, for payment to Item 0840-001-0001, payable from the Local Revenue Fund.....</p>	413,000
<p>0840-001-0344—For support of State Controller, for payment to Item 0840-001-0001, payable from the State School Building Lease-Purchase Fund .....</p>	744,000
<p>0840-001-0890—For support of State Controller, for payment to Item 0840-001-0001, payable from the Federal Trust Fund .....</p>	1,359,000
<p>0840-001-0903—For support of State Controller, for payment to Item 0840-001-0001, payable from the State Penalty Fund.....</p>	992,000
<p>0840-001-0988—For support of State Controller, for payment to Item 0840-001-0001, payable from various other unallocated nongovernmental cost funds (Retail Sales Tax Fund) .....</p>	192,000
<p>0840-011-0494—For support of State Controller, for payment to Item 0840-001-0001, payable from various other unallocated special funds .....</p>	42,000
<p>Provisions:</p>	
<p>1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures in excess of the amount appropriated in this item not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.</p>	

Item	Amount
0840-011-0797—For support of State Controller, for payment to Item 0840-001-0001, payable from unallocated bond funds.....	175,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of the Department of Finance may authorize expenditures in excess of the amount appropriated in this item not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
0840-011-0988—For support of State Controller, for payment to Item 0840-001-0001, payable from various other unallocated nongovernmental cost funds..	41,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of the Department of Finance may authorize expenditures in excess of the amount appropriated in this item not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
0840-101-0979—For allocation by the Controller from the California Firefighters’ Memorial Fund.....	500,000
Provisions:	
1. The funds appropriated in this item are to be allocated as follows:	
(a) To the Franchise Tax Board and Controller for reimbursement of costs incurred in connection with duties under Article 9 (commencing with Section 18801) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code.	
(b) To the California Fire Foundation the balance in the fund for the construction of a memorial as authorized in that article.	
0841-001-0001—For support of State Controller’s State-wide Information Technology Projects, for payment to Item 0840-001-0001 .....	0



Item	Amount
Schedule:	
(1) 10-Human Resource Management System and Automated Statewide Travel Expense Reimbursement System .....	1,338,000
(a) 10.02-Automated Statewide Travel Expense Reimbursement System ..	(1,338,000)
(2) Reimbursements .....	-1,338,000
Provisions:	
1. The State Controller’s Office shall pay to Item 0840-001-0001, Schedules (1) Personal Services and (2) Operating Expenses and Equipment from the funds appropriated in Item 0841-001-0001, Schedule (1) at a level not to exceed the amounts budgeted in Schedules (1) and (2) of Item 0840-001-0001 for the Automated Statewide Travel Expense Reimbursement System.	
0845-001-0217—For support of Department of Insurance, payable from the Insurance Fund .....	132,318,000
Schedule:	
(1) 10-Regulation of Insurance Companies and Insurance Producers .....	56,044,000
(2) 12-Consumer Protection .....	41,877,000
(3) 20-Fraud Control.....	32,880,000
(3.5) 30-Tax Collection and Audit.....	1,767,000
(4) 50.01-Administration.....	23,139,000
(5) 50.02-Distributed Administration ...	-23,139,000
(6) Reimbursements .....	-250,000
Provisions:	
1. Of the funds appropriated in this item, the Controller shall transfer \$3,089,000 as of July 1, 2002, to the Department of Aging for support of the Health Insurance Counseling and Advocacy Program.	
2. Of the funds appropriated in this item, the Controller shall transfer \$511,000 as of July 1, 2002, to the State and Consumer Services Agency for support of the Office of Insurance Advisor, to provide assistance to the Governor on insurance-related matters. The unencumbered balance, as determined by the State and Consumer Services Agency for the 2002–03 fiscal year, shall revert to the Insurance Fund.	
3. Of the funds appropriated in this item, an amount not to exceed \$600,000 shall be used solely to	

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cover intervenor compensation costs allowable under subdivision (b) of Section 1861.10 of the Insurance Code.

4. Notwithstanding any other provision of law, the Insurance Commissioner may publish notices relating to Holocaust era insurance claim activities in a manner that the commissioner determines reasonable, provided that (a) none of the moneys for this purpose may be redirected from other budgeted activities, (b), no photograph is used in the publication of the notice, and (c) no elected official's name is used in the publication of notice unless otherwise required by law.
5. Notwithstanding any other provision of law, the Department of Finance, after providing 30 days' written notice to the chairpersons of the budget committee in each house and to the Chairperson of the Joint Legislative Budget Committee, may augment this item by an amount not to exceed \$4,917,000 to provide funding for personal services as the Department of Insurance is able to demonstrate progress in reducing the vacancy rate.

0845-011-0217—For transfer by the Controller upon order of the Director of Finance from the Insurance Fund to the General Fund ..... (10,000,000)

Provisions:

1. The loan appropriated in this item shall be fully repaid to the Insurance Fund by October 1, 2004. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. The Controller shall, within 15 working days of receipt of written notification from the Department of Finance, transfer from the General Fund to the Insurance Fund the full amount of the loan or increments thereof as requested by the Department of Finance. The Department of Finance shall, within 30 days of receipt of written notification documenting the need of the loan repayment from the Department of Insurance, provide written notification to the Controller notifying the State Controller of the amount to be transferred from the General Fund to the Insurance Fund. The Department of Insurance may request through the Department of Finance an incremental repayment of the loan prior to October 1, 2004. A fee or assess-

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ment may not be increased by the Department of Insurance as a result of the loan.	
0845-101-0217—For local assistance, Department of Insurance, Program 20-Fraud Control, payable from the Insurance Fund .....	33,746,000
0850-001-0562—For support of the California State Lottery Commission, for payment of expenses of the lottery, including all costs incurred in the operation and administration of the lottery, payable from the State Lottery Fund.....	(382,375,000)
Provisions:	
2. Notwithstanding any other provision of law, the California State Lottery Commission shall submit to the Department of Finance, the Joint Legislative Budget Committee, and the budget committees of the Legislature, all of the following:	
(a) In conjunction with submission of the commission’s quarterly financial statements, a report comparing estimated administrative costs to budgeted administrative costs for the 2002–03 fiscal year. The report shall be in sufficient detail that they may be used for legislative review purposes and for sustaining a thorough ongoing review of the expenditures of the California State Lottery Commission. These reports shall include a reporting of the lottery sales revenues and shall detail any administrative funding that is used to supplement the prize pool of any lottery game.	
(b) No later than January 10, 2002, a copy of the proposed administrative budget for the California State Lottery Commission for the 2002–03 fiscal year that is included in the Governor’s Budget.	
(c) No later than June 1, 2002, a copy of the proposed administrative budget and expected sales revenue for the California State Lottery Commission for the 2002–03 fiscal year that is submitted to the California State Lottery Commission’s Budget Committee. This report shall detail any administrative funding that is proposed to be used to supplement the prize pool of any lottery game.	
(d) No later than June 30, 2002, the final 2002–03 budget and revenue projections approved by the California State Lottery Commission. The report shall include any ap-	

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proved revision, and supporting documentation, to the June 1, 2002, proposed budget. The report shall detail any administrative funding that is proposed to be used to supplement the prize pool of any lottery game.	
0855-001-0367—For support of California Gambling Control Commission, payable from the Indian Gaming Special Distribution Fund.....	2,941,000
Schedule:	
(1) 10-California Gambling Control Commission.....	2,941,000
Provisions:	
1. Of the amount appropriated in this item, \$58,000 is for the License 2000 Database System which will only be available for expenditure upon execution of an interagency agreement between the California Gambling Control Commission and the Department of Justice. The interagency agreement shall provide for joint administration of the system by the commission and the department such that each agency shall have full access to system control for accomplishment of the agency’s respective functions. The interagency agreement between the commission and the department shall further define related roles, responsibilities, and working arrangements as they are related to the License 2000 Database System. A copy of the executed interagency agreement shall be submitted to the Department of Finance before any funds may be encumbered for development or implementation of the License 2000 Database System.	
0855-001-0567—For support of California Gambling Control Commission, payable from the Gambling Control Fund.....	2,017,000
Schedule:	
(1) 10-California Gambling Control Commission.....	2,017,000
Provisions:	
1. Of the amount appropriated in this item, \$15,000 is for the License 2000 Database System which will only be available for expenditure upon execution of an interagency agreement between the California Gambling Control Commission and the Department of Justice. The interagency agreement shall provide for joint administration of the system by the commission and the department such that each agency shall have full access to	

Item	Amount
<p>system control for accomplishment of the agency’s respective functions. The interagency agreement between the commission and the department shall further define related roles, responsibilities, and working arrangements as they are related to the License 2000 Database System. A copy of the executed interagency agreement shall be submitted to the Department of Finance before any funds may be encumbered for development or implementation of the License 2000 Database System.</p>	
<p>0855-101-0366—For local assistance, California Gambling Control Commission, payable from the Indian Gaming Revenue Sharing Trust Fund.....</p>	46,000,000
<p>Provisions:</p>	
<ol style="list-style-type: none"> <li data-bbox="210 611 827 670">1. The funds appropriated in this item are for distribution to noncompact tribes.</li> <li data-bbox="210 671 827 1048">2. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for purposes of this item in excess of the amount appropriated in this item. The Director of Finance may not approve any expenditure unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations not later than 30 days prior to the effective date of approval, or prior to whatever lesser time the chairperson of the joint committee, or his or her designee, may determine.</li> <li data-bbox="210 1050 827 1579">3. As part of any request to augment this item, the California Gambling Control Commission shall provide the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations a report identifying (1) the methodology for determining a noncompact tribe; (2) a list of the noncompact tribes identified based on the commission’s methodology; (3) a trust fund condition report including the amount of revenue received from each compact tribe; and (4) the amount of funds to be distributed to each noncompact tribe. Upon receiving additional expenditure authority for distributing funds under the trust fund, the commission shall submit that information to the chairpersons of the committees on a quarterly basis concurrent with the distribution of the funds to the noncompact tribes.</li> </ol>	

Item	Amount
0860-001-0001—For support of State Board of Equalization .....	193,480,000
Schedule:	
(1) 100000-Personal Services .....	227,669,000
(2) 300000-Operating Expenses and Equipment .....	84,225,000
(3) Reimbursements .....	-86,890,000
(4) Amount payable from the Breast Cancer Fund (Item 0860-001-0004) .....	-124,000
(5) Amount payable from the State Emergency Telephone Number Account (Item 0860-001-0022) .....	-755,000
(6) Amount payable from the Motor Vehicle Fuel Account, Transportation Tax Fund (Item 0860-001-0061) .....	-20,439,000
(7) Amount payable from the Occupational Lead Poisoning Prevention Account (Item 0860-001-0070) .....	-592,000
(8) Amount payable from the Childhood Lead Poisoning Prevention Fund (Item 0860-001-0080) .....	-432,000
(9) Amount payable from the Cigarette and Tobacco Products Surtax Fund (Item 0860-001-0230) .....	-1,901,000
(10) Amount payable from the Oil Spill Prevention and Administration Fund (Item 0860-001-0320) .....	-267,000
(11) Amount payable from the Integrated Waste Management Account, Integrated Waste Management Fund (Item 0860-001-0387) .....	-392,000
(12) Amount payable from the Underground Storage Tank Cleanup Fund (Item 0860-001-0439) .....	-1,986,000
(13) Amount payable from the Energy Resources Programs Account (Item 0860-001-0465) .....	-239,000
(14) Amount payable from the California Children and Families First Trust Fund (Item 0860-001-0623) .....	-1,670,000
(15) Amount payable from the Federal Trust Fund (Item 0860-001-0890) .....	-103,000
(16) Amount payable from the Timber Tax Fund (Item 0860-001-0965) .....	-2,593,000

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(17) Amount payable from the Gas Consumption Surcharge Fund (Item 0860-001-3015) .....	-31,000
Provisions:	
1. It is the intent of the Legislature that all funds appropriated to the Board of Equalization for processing tax returns, auditing, and collecting owed tax amounts, shall be used in a manner consistent with its authorized budget and the documents that were presented to the Legislature for its review in support of that budget. The Board of Equalization shall not reduce expenditures or redirect either funding or personnel resources away from direct auditing or collection activities without prior approval of the Director of Finance. The director shall not approve any such reduction or redirection sooner than 30 days after providing notification to the Joint Legislative Budget Committee. No such position may be transferred from the organizational unit to which it was assigned in the 2002-03 Governor's Budget and the Salaries and Wages Supplement as revised by legislative actions without the approval of the Department of Finance. Furthermore, the board shall expeditiously fill budgeted positions consistent with the funding provided in this act.	
0860-001-0004—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Breast Cancer Fund .....	124,000
Provisions:	
1. Notwithstanding Section 30461.6 of the Revenue and Taxation Code, or any other provision of law, sufficient funds to cover the costs of the State Board of Equalization for the collection and enforcement of fees to be deposited in the Breast Cancer Fund shall be retained in the fund, and be available to be appropriated to the board.	
0860-001-0022—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the State Emergency Telephone Number Account.....	755,000
0860-001-0061—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Motor Vehicle Fuel Account, Transportation Tax Fund.....	20,439,000



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0860-001-0070—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Occupational Lead Poisoning Prevention Account .....	592,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified by Section 13332.18 of the Government Code.	
0860-001-0080—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Childhood Lead Poisoning Prevention Fund .....	432,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified by Section 13332.18 of the Government Code.	
0860-001-0230—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Cigarette and Tobacco Products Surtax Fund .....	1,901,000
0860-001-0320—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Oil Spill Prevention and Administration Fund .....	267,000
0860-001-0387—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Integrated Waste Management Account, Integrated Waste Management Fund .....	392,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified by Section 13332.18 of the Government Code.	
0860-001-0439—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Underground Storage Tank Cleanup Fund .....	1,986,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
0860-001-0465—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Energy Resources Programs Account .....	239,000

Item	Amount
0860-001-0623—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the California Children and Families First Trust Fund .....	1,670,000
0860-001-0890—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Federal Trust Fund .....	103,000
0860-001-0965—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Timber Tax Fund.....	2,593,000
0860-001-3015—For support of the State Board of Equalization, for payment to Item 0860-001-0001, payable from the Gas Consumption Surcharge Fund .....	31,000
0860-490—Reappropriation, Board of Equalization. Notwithstanding any other provision of law, as of June 30, 2002, the unencumbered balance of the appropriation, not to exceed \$639,000, provided in the following citations are reappropriated until June 30, 2003, upon review and approval of the Department of Finance for (1) preliminary plans, working drawings, or construction of any project for the alteration of a state or leased facility to facilitate the transition of new Board of Equalization members; and (2) the upgrade of one of the two CEA 1 allocations to the CEA 2 level in each of the elected Board Member offices to recognize the increased level of duties and responsibilities required.	
0001—General Fund	
(1) Item 0860-001-0001, 10000000-Personal services, Budget Act of 2001 (Ch. 106, Stats. 2001)	
(2) Item 0860-001-0001, 30000000-Operating Expenses and Equipment, Budget Act of 2001 (Ch. 106, Stats. 2001)	
0860-495—Reversion, Board of Equalization. As of June 30, 2002, the amounts specified in the following citations shall revert to the fund balance of the fund from which the appropriation was made.	
0001—General Fund	
\$627,000 from Item 0860-001-0001, Budget Act of 2001 (Ch. 106, Stats. 2001)	
0061—Motor Vehicle Fuel Account, Transportation Tax Fund	
\$290,000 from Item 0860-001-0061, Budget Act of 2001 (Ch. 106, Stats. 2001)	
0890-001-0001—For support of Secretary of State.....	18,993,000

Item	Amount
Schedule:	
(1) 100000-Personal Services .....	24,676,000
(2) 300000-Operating Expenses and Equipment .....	20,333,000
(3) Special Item of Expense-Election Related Costs.....	8,958,000
(4) Reimbursements.....	-7,325,000
(5) Amount payable from the Secretary of State's Business Fees Fund (Item 0890-001-0228) .....	-27,649,000
Provisions:	
1. The Secretary of State may not expend any special handling fees authorized by Chapter 999 of the Statutes of 1999 that are collected in excess of the cost of administering those special handling fees unless specifically authorized by the Legislature.	
0890-001-0228—For support of Secretary of State, for payment to Item 0890-001-0001, payable from the Secretary of State's Business Fees Fund.....	27,649,000
0890-003-0001—For support of Secretary of State for rental payments on lease-revenue bonds .....	9,402,000
Schedule:	
(1) Base Rental and Fees .....	9,451,000
(2) Structural Insurance.....	99,000
(3) Reimbursements.....	-148,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
0890-003-0228—For support of Secretary of State for rental payments on lease revenue bonds, payable from the Secretary of State's Business Fees Fund...	2,970,000
Schedule:	
(1) Base Rental and Fees .....	2,984,000
(2) Structural Insurance.....	32,000
(3) Reimbursements.....	-46,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	

Item	Amount
0890-011-0228—For transfer by the Controller, upon order of the Director of Finance, from the Secretary of State’s Business Fees Fund, to the General Fund....	(1,000,000)
0890-011-0274—For transfer by the Controller from the Business Reinvestment Fund to the General Fund ..	(3,056,000)
0890-295-0001—For local assistance, Secretary of State, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller .....	4,000
Schedule:	
(1) 98.01.007.778-Absentee ballots (Ch. 77, Stats. 78).....	1,000
(2) 98.01.039.188-Brendon Maguire Act (Ch. 391, Stats. 88) .....	1,000
(3) 98.01.049.479-Handicapped voter access (Ch. 494, Stats. 79) .....	0
(4) 98.01.070.475-Voter registration procedures (Ch. 704, Stats. 75).....	1,000
(5) 98.01.101.381-Local elections (Ch. 1013, Stats. 81) .....	0
(6) 98.01.104.285-Election materials (Ch. 1042, Stats. 85) .....	0
(7) 98.01.140.176-Voter registration roll purge (Ch. 1401, Stats. 76)....	0
(8) 98.01.142.282-Permanent absent voters (Ch. 1422, Stats. 82) .....	1,000
(9) 98.01.160.382-Democratic presidential delegates (Ch. 1603, Stats. 82) .....	0
Provisions:	
1. Except as provided in Provision 2 of this item, allocations of funds provided in this item to the appropriate local entities shall be made by the State Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated in this item may be used to provide reimbursement pursuant to Article 5	

Item	Amount
(commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.	
2. If any of the scheduled amounts are insufficient to provide full reimbursement of costs, the State Controller may, upon notifying the Director of Finance in writing, augment those deficient amounts from the unencumbered balance of any other scheduled amounts therein. No order may be issued pursuant to this provision unless written notification of the necessity therefore is provided to the chairperson of the committee in each house which considers appropriations and the Chairperson of the Joint Legislative Budget Committee or his or her designee.	
3. Pursuant to Section 17581 of the Government Code, mandates identified in the appropriation schedule of this item with an appropriation of \$0 and included in the language of this provision are specifically identified by the Legislature for suspension during the 2002–03 fiscal year:	
(3) Handicapped voter access (Ch. 494, Stats. 1979).	
(5) Local elections (Ch. 1013, Stats. 1981).	
(6) Election materials (Ch. 1042, Stats. 1985).	
(7) Voter registration roll purge (Ch. 1401, Stats. 1976).	
(9) Democratic presidential delegates (Ch. 1603, Stats. 1982, and Ch. 8, Stats. 1988).	
0950-001-0001—For support of State Treasurer .....	8,772,000
Schedule:	
(1) 100000-Personal Services .....	14,782,000
(2) 300000-Operating Expenses and Equipment .....	8,037,000
(3) 555000-Unallocated Reduction .....	-200,000
(4) Reimbursements .....	-13,847,000
Provisions:	
1. The State Treasurer shall seek to increase the reimbursement rates charged to those departments or programs that receive services from the State Treasurer’s Office’s Item Processing System by an amount sufficient to recover from those departments or programs, over a five-year period, beginning not later than fiscal year 1999–00, their fair share of the \$3.78 million cost of upgrading the system to be Year 2000 compliant. Those departments or programs include, but are not limited	

Item	Amount
<p>to, the Department of Health Services' Women, Infant and Children Program, and the Employment Development Department's Unemployment and Disability Insurance Program.</p> <p>0950-295-0001—For local assistance, State Treasurer, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or of Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller .....</p>	1,000
<p>Schedule:</p> <p>(1) 98.01.078.395-Investment Reports—            Cities and Counties (Ch. 783/95).. 3,521,000</p>	
<p>Provisions:</p> <p>1. Except as provided in Provision 2 of this item, allocations of funds provided in this item to the appropriate local entities shall be made by the State Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated by this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.</p> <p>2. If any of the scheduled amounts are insufficient to provide full reimbursement of costs, the State Controller may, upon notifying the Director of Finance in writing, augment those deficient amounts from the unencumbered balance of any other scheduled amounts therein. No order may be issued pursuant to this provision unless written notification of the necessity therefor is provided to the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee or his or her designee.</p>	
<p>0954-001-0001—For support of the Scholarshare Investment Board .....</p>	1,271,000

Item	Amount
Schedule:	
(1) 20-Governor’s Scholarship Programs .....	1,271,000
Provisions:	
1. Funds appropriated in this item are for the purpose of administering the Governor’s Scholars Program and the Governor’s Math and Science Scholars Program, established pursuant to Article 20 (commencing with Section 69995) of Chapter 2 of Part 42 of the Education Code.	
0954-001-0564—For support of the Scholarshare Investment Board, payable from the Scholarshare Administrative Fund .....	957,000
Schedule:	
(1) 10-Golden State Scholarshare Trust Program.....	957,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the Scholarshare Investment Board in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
0954-101-0001—For local assistance, Scholarshare Investment Board, for the purposes of the Governor’s Scholarship Programs, pursuant to Article 20 (commencing with Section 69995) of Chapter 2 of Part 42 of the Education Code .....	28,000,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize the augmentation, from the Special Fund for Economic Uncertainties established pursuant to Section 16418 of the Government Code, of the annual amount appropriated for the purpose of making scholarship awards pursuant to Article 20 (commencing with Section 69995) of Chapter 2 of Part 42 of the Education Code, as necessary to fully fund the number of awards authorized by that article. No augmentation may be authorized sooner than 30 days after notification in writing of the Chairperson of the Joint Legislative Budget Committee and the	



Item	Amount
<p>chairperson of the committee in each house that considers appropriations, nor sooner than whatever lesser time those persons, or their designees, may in each instance determine.</p> <p>2. It is the intent of the Legislature to achieve General Fund savings by delaying payments for 5th and 10th grade awards of the Governor’s Scholars Program by one year.</p>	
<p>0954-495—Reversion, Scholarshare Investment Board. As of June 30, 2002, the unencumbered balance of the appropriation provided in Item 0954-101-0001, Budget Act of 2001 (Chapter 106, Stats. 2001), shall revert to the General Fund.</p>	
<p>0956-001-0171—For support of California Debt and Investment Advisory Commission, payable from the California Debt and Investment Advisory Commission Fund .....</p>	1,734,000
<p>Schedule:</p> <p>(1) 10-California Debt and Investment Advisory Commission.....</p> <p>(2) Reimbursements .....</p>	1,834,000 -100,000
<p>Provisions:</p> <p>1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the California Debt and Investment Advisory Commission in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.</p>	
<p>0959-001-0169—For support of California Debt Limit Allocation Committee, payable from the California Debt Limit Allocation Committee Fund.....</p>	984,000
<p>Schedule:</p> <p>(1) 10-Debt Limit Allocation Committee .....</p>	984,000
<p>Provisions:</p> <p>1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the California Debt Limit Allocation Committee in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson</p>	

Item	Amount
<p>of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.</p>	
<p>0959-011-0169—For transfer by the Controller, upon order of the Director of Finance, from the California Debt Limit Allocation Committee Fund to the General Fund.....</p>	(2,000,000)
<p>Provisions:</p>	
<p>1. The transfer made by this item is a loan to the General Fund and shall be fully repaid by October 1, 2004. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. The Controller shall, within 15 working days of receipt of written notification from the Department of Finance, transfer from the General Fund to the California Debt Limit Allocation Committee Fund the full amount of the loan or increments thereof as requested by the Department of Finance. It is the intent of the Legislature that repayment be made so as to ensure that current and newly authorized programs supported by this fund are fully and timely implemented as approved by the three-member California Debt Limit Allocation Committee. It is also the intent of the Legislature that repayment be made to ensure compliance with federal and state statutes or requirements. Accordingly, the Department of Finance shall, within 30 days of receipt of written notification documenting the need of the loan repayment from the California Debt Limit Allocation Committee, provide written notification to the Controller notifying the Controller of the amount to be transferred from the General Fund to the California Debt Limit Allocation Committee Fund.</p>	
<p>(2) It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan through reduction in service or through increase in fees.</p>	
<p>0965-001-0215—For support of California Industrial Development Financing Advisory Commission, payable from the Industrial Development Fund.....</p>	400,000

Item	Amount
Schedule:	
(1) 10-Industrial Development Financing Advisory Commission .....	475,000
(2) Reimbursements .....	-75,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the California Industrial Development Financing Advisory Commission in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
0968-001-0448—For support of California Tax Credit Allocation Committee, payable from the Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account .....	994,000
Schedule:	
(1) 10-California Tax Credit Allocation Committee .....	1,009,000
(2) Reimbursements .....	-15,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the California Tax Credit Allocation Committee in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
0968-001-0457—For support of California Tax Credit Allocation Committee, payable from the Tax Credit Allocation Fee Account .....	1,315,000
Schedule:	
(1) 10-California Tax Credit Allocation Committee .....	1,330,000
(2) Reimbursements .....	-15,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the California Tax Credit Allocation Commit-	

Item	Amount
tee in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
0968-011-0448—For transfer by the Controller, upon order of the Director of Finance, from the Occupancy Compliance Monitoring Account to the General Fund .....	(35,000,000)
Provisions:	
1. The transfer made by this item is a loan to the General Fund that shall be fully repaid by October 1, 2004. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. The State Controller shall, within 15 working days of receipt of written notification from the Department of Finance, transfer from the General Fund to the Occupancy Compliance Monitoring Account the full amount of the loan or increments thereof as requested by the Department of Finance. It is the intent of the Legislature that repayment is made so as to ensure that current and newly authorized programs supported by this fund are fully and timely implemented as approved by the voting members of the California Tax Credit Allocation Committee. It is also the intent of the Legislature that repayment is made to ensure compliance with federal and state statutes or requirements. Accordingly, the Department of Finance shall, within 30 days of receipt of written notification documenting the need of the loan repayment from the California Tax Credit Allocation Committee, provide written notification to the State Controller notifying the State Controller of the amount to be transferred from the General Fund to the Occupancy Compliance Monitoring Account.	
0968-011-0457—For transfer by the Controller, upon order of the Director of Finance, from the Tax Credit Allocation Fee Account to the General Fund .....	(27,000,000)

Item		Amount
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Provisions:

1. The transfer made by this item is a loan to the General Fund that shall be fully repaid by October 1, 2004. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. The State Controller shall, within 15 working days of receipt of written notification from the Department of Finance, transfer from the General Fund to the Tax Credit Allocation Fee Account the full amount of the loan or increments thereof as requested by the Department of Finance. It is the intent of the Legislature that repayment is made so as to ensure that current and newly authorized programs supported by this fund are fully and timely implemented as approved by the voting members of the California Tax Credit Allocation Committee. It is also the intent of the Legislature that repayment is made to ensure compliance with federal and state statutes or requirements. Accordingly, the Department of Finance shall, within 30 days of receipt of written notification documenting the need of the loan repayment from the California Tax Credit Allocation Committee, provide written notification to the State Controller notifying the State Controller of the amount to be transferred from the General Fund to the Tax Credit Allocation Fee Account.

0971-001-0528—For support of California Alternative Energy and Advanced Transportation Financing Authority, payable from the California Alternative Energy Authority Fund .....

169,000

Schedule:

- |  |         |
|--|---------|
| (1) 10-California Alternative Energy and Advanced Transportation Financing Authority ..... | 169,000 |
|--|---------|

Provisions:

1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the California Alternative Energy and Advanced Transportation Financing Authority in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint

Item	Amount
committee, or his or her designee, may in each instance determine.	
0974-011-0930—For transfer by the Controller, upon order of the Director of Finance, from the Pollution Control Financing Authority Fund to the General Fund .....	(25,000,000)

Provisions:

1. The transfer made by this item is a loan to the General Fund that shall be fully repaid by October 1, 2004. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. The State Controller shall, within 15 working days of receipt of written notification from the Department of Finance, transfer from the General Fund to the Pollution Control Financing Authority Fund the full amount of the loan or increments thereof as requested by the Department of Finance. It is the intent of the Legislature that repayment is made so as to ensure that current and newly authorized programs supported by this fund are fully and timely implemented as approved by the three-member California Pollution Control Financing Authority. It is also the intent of the Legislature that repayment is made to ensure compliance with federal and state statutes or requirements. Accordingly, the Department of Finance shall, within 30 days of receipt of written notification documenting the need of the loan repayment from the California Pollution Control Financing Authority, provide written notification to the State Controller notifying the State Controller of the amount to be transferred from the General Fund to the Pollution Control Financing Authority Fund.

STATE AND CONSUMER SERVICES

1100-001-0001—For support of California Science Center .....	10,196,000
Schedule:	
(1) 10-Education.....	8,203,000
(2) 20-Exposition Park Management ...	3,219,000
(3) 30-California African-American Museum .....	3,307,000
(4) 40.01-Administration.....	1,176,000
(5) 40.02-Distributed Administration ...	-1,176,000
(6) Reimbursements-Education.....	-274,000

Item	Amount
(7) Reimbursements-Exposition Park Management .....	-350,000
(8) Reimbursements-California African-American Museum .....	-1,040,000
(9) Amount payable from the Exposition Park Improvement Fund (Item 1100-001-0267).....	-2,869,000
Provisions:	
1. The Director of General Services shall not approve a contract, permit, or lease agreement by the museum (excluding those for museum exhibits) that reduces state revenues or increases state costs by \$25,000 or more unless, not sooner than 30 days prior to giving his or her approval, the director submits in writing to the Chairperson of the Joint Legislative Budget Committee notification of the director's intent to approve that contract, permit, or lease, or not sooner than such lesser time as the chairperson may in each instance determine. This provision shall have no effect as to those contracts that the legislative fiscal committees have examined as part of the budget process or otherwise.	
1100-001-0267—For support of California Science Center for payment to Item 1100-001-0001, payable from the Exposition Park Improvement Fund .....	2,869,000
1100-003-0001—For support of the California Science Center for rental payments on lease-revenue bonds .....	2,769,000
Schedule:	
(1) Base Rental and Fees .....	2,717,000
(2) Insurance .....	52,000
(3) Reimbursement .....	0
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
1100-301-0660—For capital outlay, California Science Center, payable from the Public Buildings Construction Fund .....	19,137,000
Schedule:	
(1) 11.01-Science Center Phase II— Construction .....	96,891,000
(2) Reimbursements.....	-77,754,000



Item

Amount

## Provisions:

1. This department is authorized and directed to execute and deliver any and all leases, contracts, agreements or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the scheduled projects.
2. The State Public Works Board shall not itself be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (commencing with Section 21000 of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (commencing with Section 15800 of the Government Code). This section does not exempt this department from the requirements of the California Environmental Quality Act. This section is intended to be declarative of existing law.
3. The State Public Works Board may issue lease-revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance the construction of the project authorized in this item.
4. The State Public Works Board and the California Science Center may obtain interim financing for the project costs authorized in this item from any appropriate source including, but not limited to, the Pooled Money Investment Account pursuant to Sections 16312 and 16313 of the Government Code.
5. The State Public Works Board may authorize the augmentation of the cost of construction of the project scheduled in this item pursuant to the board's authority under Section 13332.11 of the Government Code. In addition, the State Public Works Board may authorize any additional amount necessary to establish a reasonable construction reserve and to pay the cost of financing including the payment of interest during construction of the project, the costs of financing a debt service fund, and the cost of issuance of permanent financing for the project. This additional amount may include interest payable on any interim financing obtained.

Item	Amount
6. Notwithstanding any provision of the Public Contract Code or any other provision of law, the Department of General Services shall establish a competitive prequalification process for subcontractors for live plant and animal life support, mechanical, plumbing, electrical, and habitat construction services. The Department of General Services shall prequalify all subcontractors who meet the minimum standard set for the prequalification. The Department of General Services may require those subcontractors to provide evidence that they have successfully completed, or to demonstrate the ability to successfully complete, projects of similar size, scope, and complexity. Those subcontractors shall also provide a listing of proposed key personnel who have sufficient experience and training to manage their respective aspect of the project for the construction of facilities that will house and support live plants and animals.	
1111-002-0001—For support of the Department of Consumer Affairs for payment to Item 1111-002-0702..	372,000
1111-002-0069—For support of the Bureau of Barbering and Cosmetology, Department of Consumer Affairs, payable from the State Board of Barbering and Cosmetology Fund .....	11,617,000
Schedule:	
(1) 22-Bureau of Barbering and Cosmetology .....	11,674,000
(2) Reimbursements .....	-57,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0166—For support of the Arbitration Certification Program, Department of Consumer Affairs, payable from the Consumer Affairs-Certification Account.....	877,000
Schedule:	
(1) 23-Arbitration Certification Program.....	877,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and	

Item	Amount
penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0208—For support of the Hearing Aid Dispensers Bureau, Department of Consumer Affairs, payable from the Hearing Aid Dispensers Fund.....	584,000
Schedule:	
(1) 24-Hearing Aid Dispensers Bureau.      593,000	
(2) Reimbursements.....                    -9,000	
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0239—For support of the Bureau of Security and Investigative Services, Department of Consumer Affairs, payable from the Private Security Services Fund .....	6,179,000
Schedule:	
(1) 25.10.010-Bureau of Security and Investigative Services, Private Security Services Program .....	8,633,000
(2) 25.10.020-Distributed Private Security Services.....	-104,000
(3) Reimbursements.....	-2,350,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0305—For support of the Bureau for Private Postsecondary and Vocational Education, Department of Consumer Affairs, payable from the Private Postsecondary Education Administration Fund.....	5,651,000
Schedule:	
(1) 27.10.010-Bureau for Private Postsecondary and Vocational Education.....	5,841,000
(2) 27.10.020-Distributed Private Postsecondary and Vocational Education.....	-110,000
(3) Reimbursements.....	-80,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	

Item	Amount
1111-002-0325—For support of the Bureau for Electronic and Appliance Repair, Department of Consumer Affairs, payable from the Electronic and Appliance Repair Fund.....	1,636,000
Schedule:	
(1) 28-Bureau of Electronic and Appliance Repair.....	1,649,000
(2) Reimbursements.....	-13,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0421—For support of the Bureau of Automotive Repair, Department of Consumer Affairs, payable from the Vehicle Inspection and Repair Fund..	95,207,000
Schedule:	
(1) 31.10.016-Automotive Repair and Smog Check Programs.....	74,664,000
(2) 31.10.026-Consumer Relations and Outreach.....	8,015,000
(3) 31.10.036-Communications and Education .....	585,000
(4) 31.10.046-Administrative and Information Services .....	12,132,000
(5) 31.10.090-Distributed Automotive Repair and Smog Check Programs .....	-71,000
(6) Reimbursements.....	-118,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
2. Notwithstanding Section 26.00 of this act, the Department of Finance may authorize transfers among and between Schedules (1), (2), (3), and (4) of this item not to exceed 35 percent of the schedule from which funds are transferred. Transfers made by this provision may be authorized not sooner than 30 days after notification in writing of the necessity therefore is provided to the chairperson of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee.	

Item	Amount
1111-002-0459—For support of the Telephone Medical Advice Services Program, Department of Consumer Affairs, payable from the Telephone Medical Advice Services Fund.....	140,000
Schedule:	
(1) 37-Telephone Medical Advice Services Program.....	140,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0582—For support of the Bureau of Automotive Repair, Department of Consumer Affairs, payable from the High Polluter Repair or Removal Account.....	21,032,000
Schedule:	
(1) 31.20.016-Vehicle Repair Assistance.....	12,000,000
(2) 31.20.030-Vehicle Retirement .....	4,525,000
(3) 31.20.040-Program Administration. ....	4,507,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
2. Notwithstanding Section 26.00 of this act, the Department of Finance may authorize transfers among and between Schedules (1) and (2) of this item. Transfers made by this provision may be authorized not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairperson of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee.	
1111-002-0702—For support of Department of Consumer Affairs, payable from the Consumer Affairs Fund, Professions and Vocations Fund.....	0
Schedule:	
(1) 35.10.010-Administrative and Information Services Division .....	37,522,000
(2) 35.10.015-Communications and Education Division.....	1,347,000
(3) 35.10.020-Consumer Relations and Outreach Division.....	9,387,000
(4) 35.10.025-Division of Investigation .....	6,518,000

Item	Amount
(5) 35.20.010-Distributed Administrative and Information Services Division .....	-36,947,000
(6) 35.20.015-Distributed Communications and Education Division.....	-1,291,000
(7) 35.20.020-Distributed Consumer Relations and Outreach Division ..	-9,015,000
(8) 35.20.025-Distributed Division of Investigation .....	-6,136,000
(9) Reimbursements.....	-1,013,000
(10) Amount payable from General Fund (Item 1111-002-0001).....	-372,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0717—For support of the Cemetery and Funeral Bureau, Department of Consumer Affairs, payable from the Cemetery Fund, Professions and Vocations Fund.....	1,249,000
Schedule:	
(.5) 38.10.005-Cemetery Program.....	1,483,000
(1) 38.10-Cemetery Program.....	0
(2) 38.10.010-Distributed Cemetery Program.....	-115,000
(3) Reimbursements.....	-119,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0750—For support of the Cemetery and Funeral Bureau, Department of Consumer Affairs, payable from the State Funeral Directors and Embalmers Fund, Professions and Vocations Fund.....	1,394,000
Schedule:	
(1) 38.20-Funeral Directors and Embalmers Program.....	1,406,000
(2) Reimbursements.....	-12,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	

Item	Amount
1111-002-0752—For support of the Bureau of Home Furnishings and Thermal Insulation, Department of Consumer Affairs, payable from the Bureau of Home Furnishings and Thermal Insulation Fund.....	3,522,000
Schedule:	
(1) 34-Bureau of Home Furnishings and Thermal Insulation .....	3,527,000
(2) Reimbursements.....	-5,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0769—For support of the Bureau of Security and Investigative Services, Department of Consumer Affairs, payable from the Private Investigator Fund .....	987,000
Schedule:	
(1) 25.20-Private Investigators Program.....	1,097,000
(2) Reimbursements.....	-110,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0890—For support of the Bureau for Private Postsecondary and Vocational Education, Department of Consumer Affairs, payable from the Federal Trust Fund.....	1,130,000
Schedule:	
(1) 27.20-Federal Trust Program .....	1,130,000
Provisions:	
1. Notwithstanding any other provision of law, the Federal Trust Fund Account of the Bureau for Private Postsecondary and Vocational Education may borrow from the Private Postsecondary and Vocational Education Administration Fund an amount not to exceed a cumulative total of \$500,000 for the purpose of meeting cashflow needs for the purposes funded in this item due to delays in collecting federal funds. Any loan made pursuant to this provision shall be made only upon approval of the Department of Finance, and only if the bureau demonstrates and certifies that a sufficient surplus exists in the Private Postsecondary and Vocational Education Administration Fund to	

Item	Amount
support the amount of the loan, and that funds will be available from the federal government to repay the loan. All money transferred shall be repaid to the fund as soon as possible, but not later than one year from the date of the loan.	
1111-002-0960—For support of the Bureau for Private Postsecondary and Vocational Education, Department of Consumer Affairs, payable from the Student Tuition Recovery Fund .....	81,000
Schedule:	
(1) 27.30-Student Tuition Recovery Program.....	81,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-003-0001—For support of the Office of Privacy Protection, Department of Consumer Affairs .....	1,046,000
Schedule:	
(1) 40-Office of Privacy Protection .....	1,046,000
1111-011-0069—For transfer by the Controller, upon order of the Director of Finance, from the State Board of Barbering and Cosmetology Fund to the General Fund .....	(9,000,000)
Provisions:	
1. The transfer made by this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan through a reduction in service or an increase in fees.	
1111-011-0421—For transfer by the Controller, upon order of the Director of Finance, from the Vehicle Inspection and Repair Fund to the General Fund .....	100,000,000
Provisions:	
1. The transfer made by this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely af-	



Item	Amount
<ul style="list-style-type: none"> <li>affected by the loan through reduction in service or through increased fees.</li> </ul>	
<ul style="list-style-type: none"> <li>1120-001-0704—For support of California Board of Accountancy, payable from the Accountancy Fund, Professions and Vocations Fund .....</li> </ul>	10,928,000
<ul style="list-style-type: none"> <li>Schedule:</li> <li>(1) 3-California Board of Accountancy. 11,132,000</li> <li>(2) Reimbursements..... -204,000</li> </ul>	
<ul style="list-style-type: none"> <li>Provisions:</li> <li>1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.</li> </ul>	
<ul style="list-style-type: none"> <li>1120-011-0704—For transfer by the Controller, upon order of the Director of Finance, from the Accountancy Fund to the General Fund .....</li> </ul>	(6,000,000)
<ul style="list-style-type: none"> <li>Provisions:</li> <li>1. The transfer made in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan through reduction in service or through increased fees.</li> </ul>	
<ul style="list-style-type: none"> <li>1130-001-0706—For support of California Board of Architectural Examiners, payable from the California Board of Architectural Examiners Fund.....</li> </ul>	2,798,000
<ul style="list-style-type: none"> <li>Schedule:</li> <li>(1) 06.10-California Board of Architectural Examiners..... 2,803,000</li> <li>(2) Reimbursements..... -5,000</li> </ul>	
<ul style="list-style-type: none"> <li>Provisions:</li> <li>1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.</li> </ul>	
<ul style="list-style-type: none"> <li>1130-001-0757—For support of California Board of Architectural Examiners, Landscape Architect Technical Committee, Program 06.20, payable from California Board of Architectural Examiners-Landscape Architects Fund .....</li> </ul>	662,000
<ul style="list-style-type: none"> <li>Provisions:</li> <li>1. The amount appropriated in this item may include revenues derived from the assessment of fines and</li> </ul>	

Item	Amount
penalties imposed as specified in Section 13332.18 of the Government Code.	
1140-001-0001—For support of State Athletic Commission.....	661,000
Schedule:	
(1) 9-State Athletic Commission.....	852,000
(2) Amount payable from the Boxer's Pension Fund (Item 1140-002-9250).....	-89,000
(3) Amount payable from the Boxer's Neurological Examinations Account (Item 1140-001-0492).....	-102,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1140-001-0492—For support of State Athletic Commission, for payment to Item 1140-001-0001, payable from the Boxer's Neurological Examination Account .....	102,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1140-002-9250—For support of State Athletic Commission, for payment to Item 1140-001-0001, payable from the Boxer's Pension Fund.....	89,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1170-001-0773—For support of Board of Behavioral Science, payable from the Behavioral Science Examiners Fund, Professions and Vocations Fund.....	4,981,000
Schedule:	
(1) 18-Board of Behavioral Science ....	5,157,000
(2) Reimbursements.....	-176,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	

Item	Amount
1170-011-0773—For transfer by the Controller, upon order of the Director of Finance, from the Behavioral Science Examiners Fund to the General Fund.....	(6,000,000)
Provisions:	
1. The transfer made in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan through reduction in service or through increased fees.	
1230-001-0093—For support of Contractors’ State License Board, for payment to Item 1230-001-0735, payable from the Construction Management Education Account.....	16,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1230-001-0735—For support of Contractors’ State License Board, payable from the Contractors’ License Fund .....	48,898,000
Schedule:	
(1) 30-Contractors’ State License Board .....	49,267,000
(2) Reimbursements .....	-353,000
(3) Amount payable from the Construction Management Education Account (Item 1230-001-0093).....	-16,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1230-011-0735—For transfer by the Controller, upon order of the Director of Finance, from the Contractors’ State License Fund to the General Fund.....	(11,000,000)
Provisions:	
1. The transfer made by this item is a loan to the General Fund. This loan shall be repaid by September 1, 2003, with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to en-	

Item	Amount
<p>sure that the programs supported by this fund are not adversely affected by the loan.</p>	
<p>1250-001-0380—For support of the Committee on Dental Auxiliaries, Board of Dentistry, payable from the State Dental Auxiliary Fund.....</p>	1,521,000
<p>Schedule:</p>	
<p>(1) 36.20-Committee on Dental Auxiliaries.....</p>	1,743,000
<p>(2) Reimbursements .....</p>	-222,000
<p>Provisions:</p>	
<p>1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.</p>	
<p>1250-001-0741—For support of Dental Board of California, Board of Dentistry, payable from the State Dentistry Fund.....</p>	7,006,000
<p>Schedule:</p>	
<p>(1) 36.10-Dental Board of California...</p>	7,176,000
<p>(2) Reimbursements .....</p>	-170,000
<p>Provisions:</p>	
<p>1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.</p>	
<p>1250-011-0741—For transfer by the Controller, upon order of the Director of Finance, from the State Dentistry Fund to the General Fund .....</p>	(5,000,000)
<p>Provisions:</p>	
<p>1. The transfer made by this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan through reduction in services or increased fees.</p>	
<p>1340-001-0205—For support of Board for Geologists and Geophysicists, Program 51, payable from the Geology and Geophysics Fund.....</p>	1,106,000
<p>Provisions:</p>	
<p>1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.</p>	

Item	Amount
1350-001-0024—For support of State Board of Guide Dogs for the Blind, Program 54, payable from the State Board of Guide Dogs for the Blind Fund.....	136,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1390-001-0175—For support of Medical Board of California, Registered Dispensing Opticians, for payment to Item 1390-001-0758, payable from the Dispensing Opticians Fund .....	289,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1390-001-0210—For support of Medical Board of California, Outpatient Settings, for payment to Item 1390-001-0758, payable from the Outpatient Setting Fund of the Medical Board of California.....	24,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1390-001-0758—For support of Medical Board of California, payable from the Contingent Fund of the Medical Board of California .....	38,432,000
Schedule:	
(1) 63.10.010-Medical Board of California .....	39,536,000
(2) 63.15-Registered Dispensing Opticians.....	289,000
(3) 63.17-Outpatient Setting .....	24,000
(4) 63.10.020-Distributed Medical Board of California .....	-797,000
(5) Reimbursements .....	-307,000
(6) Amount payable from the Dispensing Opticians Fund (Item 1390-001-0175).....	-289,000
(7) Amount payable from the Outpatient Setting Fund of the Medical Board of California (Item 1390-001-0210).....	-24,000

Item	Amount
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
2. The Medical Board of California shall designate a staff liaison to assist international medical graduates through the appropriate programs to facilitate their licensure and reentry into their profession.	
1400-001-0108—For support of Acupuncture Board, payable from the Acupuncture Fund.....	1,959,000
Schedule:	
(1) 63.20-Acupuncture Board.....	1,982,000
(2) Reimbursements.....	-23,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1420-001-0759—For support of Physical Therapy Board of California, payable from the Physical Therapy Fund .....	2,481,000
Schedule:	
(1) 63.40-Physical Therapy Board of California .....	2,580,000
(2) Reimbursements.....	-99,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1430-001-0280—For support of Physician Assistant Committee, payable from the Physician Assistant Fund .....	902,000
Schedule:	
(1) 63.50-Physician Assistant Committee .....	927,000
(2) Reimbursements.....	-25,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1440-001-0295—For support of California Board of Podiatric Medicine, payable from the Board of Podiatric Medicine Fund .....	1,081,000

Item	Amount
Schedule:	
(1) 63.60-California Board of Podiatric Medicine .....	1,085,000
(2) Reimbursements .....	-4,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1450-001-0310—For support of Board of Psychology, payable from the Psychology Fund .....	3,186,000
Schedule:	
(1) 63.70-Board of Psychology .....	3,237,000
(2) Reimbursements .....	-51,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1450-011-0310—For transfer by the Controller, upon order of the Director of Finance, from the Psychology Fund to the General Fund .....	(5,000,000)
Provisions:	
1. The transfer made in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan through reduction in service or through increased fees.	
1455-001-0319—For support of Respiratory Care Board of California, payable from the Respiratory Care Fund .....	2,749,000
Schedule:	
(1) 63.75-Respiratory Care Board of California .....	2,815,000
(2) Reimbursements .....	-66,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1460-001-0376—For support of the Speech-Language Pathology and Audiology Board, payable from the Speech-Language and Audiology Fund .....	515,000

Item	Amount
Schedule:	
(1) 63.80-Speech-Language Pathology and Audiology Board .....	539,000
(2) Reimbursements .....	-24,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1475-001-3017—For support of California Board of Occupational Therapy, payable from the Occupational Therapy Fund .....	642,000
Schedule:	
(1) 67-California Board of Occupational Therapy .....	999,000
(2) Reimbursements .....	-357,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1480-001-0763—For support of State Board of Optometry, payable from the State Optometry Fund, Professions and Vocations Fund .....	1,148,000
Schedule:	
(1) 69-State Board of Optometry .....	1,154,000
(2) Reimbursements .....	-6,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1485-001-0264—For support of Osteopathic Medical Board of California, payable from the Osteopathic Medical Board of California Contingent Fund .....	965,000
Schedule:	
(1) 70-Osteopathic Medical Board of California .....	1,015,000
(2) Reimbursements .....	-50,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Government Code Section 13332.18.	
1485-011-0264—For transfer by the Controller, upon order of the Director of Finance, from the Osteopathic Contingent Fund to the General Fund .....	(2,700,000)



Item	Amount
Provisions:	
1. The transfer made in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan through reduction in service or through increased fees.	
1490-001-0767—For support of California State Board of Pharmacy, payable from the Pharmacy Board Contingent Fund, Professions and Vocations Fund..	7,481,000
Schedule:	
(1) 72-California State Board of Pharmacy .....	7,732,000
(2) Reimbursements .....	-251,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1490-011-0767—For transfer by the Controller, upon order of the Director of Finance, from the Pharmacy Board Contingent Fund to the General Fund .....	(6,000,000)
Provisions:	
1. The transfer made in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan through reduction in service or through increased fees.	
1500-001-0770—For support of Board for Professional Engineers and Land Surveyors, payable from the Professional Engineer and Land Surveyor Fund.....	7,474,000
Schedule:	
(1) 75-Board for Professional Engineers and Land Surveyors .....	7,490,000
(2) Reimbursements .....	-16,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	

Item	Amount
1510-001-0761—For support of Board of Registered Nursing, payable from the Board of Registered Nursing Fund, Professions and Vocations Fund.....	17,328,000
Schedule:	
(1) 78-Board of Registered Nursing ....	18,342,000
(2) Reimbursements .....	-1,014,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1510-011-0761—For transfer by the Controller, upon order of the Director of Finance, from the Board of Registered Nursing Fund, Professions and Vocations Fund to the General Fund .....	(12,000,000)
Provisions:	
1. The transfer made by this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan through reduction in service or through increased fees.	
1520-001-0771—For support of Court Reporters Board of California, payable from the Court Reporters' Fund .....	649,000
Schedule:	
(1) 81-Court Reporters Board of California .....	667,000
(2) Reimbursements .....	-18,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1530-001-0399—For support of Structural Pest Control Board, for payment to Item 1530-001-0775, payable from the Structural Pest Control Education and Enforcement Fund .....	276,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	

Item	Amount
1530-001-0775—For support of Structural Pest Control Board, payable from the Structural Pest Control Fund, Professions and Vocations Fund.....	3,297,000
Schedule:	
(1) 84-Structural Pest Control Board ...	3,575,000
(2) Reimbursements.....	-2,000
(3) Amount payable from the Structural Pest Control Education and Enforcement Fund (Item 1530-001-0399).....	-276,000
1530-011-0775—For transfer by the Controller, upon order of the Director of Finance, from the Structural Pest Control Fund to the General Fund .....	(2,000,000)
Provisions:	
1. The transfer made in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan through reduction in service or through increased fees.	
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1550-001-0777—For support of Veterinary Medical Board, payable from the Veterinary Medical Board Contingent Fund.....	1,745,000
Schedule:	
(1) 90-Veterinary Medical Board.....	1,771,000
(2) Reimbursements.....	-26,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1580-001-0779—For support of Board of Vocational Nurse and Psychiatric Technician Examiners, payable from the Vocational Nurse Examiners Fund ....	4,080,000
Schedule:	
(1) 91.10.010-Vocational Nurses Program.....	4,469,000

Item	Amount
(2) 91.10.020-Distributed Vocational Nurses .....	-37,000
(3) Reimbursements .....	-352,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1580-001-0780—For support of Board of Vocational Nurse and Psychiatric Technician Examiners, payable from the Psychiatric Technicians Account, Vocational Nurse and Psychiatric Technician Examiners Fund .....	1,206,000
Schedule:	
(1) 91.20-Psychiatric Technician Program .....	1,228,000
(2) Reimbursements .....	-22,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1700-001-0001—For support of Department of Fair Employment and Housing .....	15,275,000
Schedule:	
(1) 50-Administration of Civil Rights Law .....	19,398,000
(2) Reimbursements .....	-15,000
(3) Amount payable from the Federal Trust Fund (Item 1700-001-0890). .....	-4,108,000
1700-001-0890—For support of Department of Fair Employment and Housing, for payment to Item 1700-001-0001, payable from the Federal Trust Fund.....	4,108,000
1705-001-0001—For support of the Fair Employment and Housing Commission .....	1,192,000
Schedule:	
(1) 10-Fair Employment and Housing Commission .....	1,343,000
(2) Reimbursements .....	-151,000
1730-001-0001—For support of Franchise Tax Board ...	402,384,000
Schedule:	
(1) 10-Tax Programs .....	384,174,000
(2) 20-Homeowners and Renters Assistance .....	6,278,000
(3) 30-Political Reform Audit (1,324,000) .....	0
(4) 40-Child Support Collections .....	16,157,000

Item	Amount
(5) 45-Child Support Automation .....	18,842,000
(6) 50-DMV Collections .....	5,149,000
(7) 60-Court Collections .....	3,429,000
(8) 70-Contract Work.....	5,546,000
(9) 80.01-Administration.....	23,051,000
(10) 80.02-Distributed Administration.....	-23,051,000
(11) Reimbursements .....	-5,546,000
(12) Reimbursements-Child Support Existing/Expanded Collections .....	-8,845,000
(13) Reimbursements-Child Support Automation.....	-13,742,000
(14) Amount payable from the State Highway Account, State Transportation Fund (Item 1730-001-0042).....	-1,000
(15) Amount payable from the Motor Vehicle Account, State Transportation Fund (Item 1730-001-0044)...	-1,779,000
(16) Amount payable from the Motor Vehicle License Fee Account, Transportation Tax Fund (Item 1730-001-0064) .....	-3,369,000
(17) Amount payable from the Emergency Food Assistance Program Fund (Item 1730-001-0122).....	-6,000
(18) Amount payable from the Delinquent Tax Collection Fund (Section 19378 of the Revenue and Taxation Code) .....	-404,000
(19) Amount payable from the Rare Fish, Wildlife, and Plant Species Conservation and Enhancement Account, Fish and Game Preservation Fund (Item 1730-001-0200)...	-13,000
(20) Amount payable from the Court Collection Account (Item 1730-001-0242).....	-3,429,000
(21) Amount payable from the State Children's Trust Fund (Item 1730-001-0803).....	-11,000
(22) Amount payable from the California Alzheimer's Disease and Related Disorders Research Fund (Item 1730-001-0823) .....	-11,000

Item	Amount
(23) Amount payable from the California Seniors Special Fund (Item 1730-001-0886) .....	-4,000
(24) Amount payable from the California Breast Cancer Research Fund (Item 1730-001-0945) .....	-7,000
(25) Amount payable from the California Peace Officer Memorial Foundation Fund (Item 1730-001-0974) .....	-5,000
(26) Amount payable from the Firefighters' Memorial Fund (Item 1730-001-0979) .....	-7,000
(27) Amount payable from the California Fund for Senior Citizens (Item 1730-001-0983) .....	-7,000
(28) Amount payable from Lupus Fund of America California Chapters Fund (Item 1730-001-8006).....	-5,000

Provisions:

1. It is the intent of the Legislature that all funds appropriated to the Franchise Tax Board for processing tax returns, auditing and collecting owed tax amounts, shall be used in a manner consistent with its authorized budget and the documents that were presented to the Legislature for its review in support of that budget. The Franchise Tax Board shall not reduce expenditures or redirect either funding or personnel resources away from direct auditing or collection activities without prior approval of the Director of Finance. The director shall not approve any such reduction or redirection sooner than 30 days after providing notification to the Joint Legislative Budget Committee. No such position may be transferred from the organizational unit to which it was assigned in the 2002-03 Governor's Budget and the Salaries and Wages Supplement as revised by legislative actions without the approval of the Department of Finance. Furthermore, the board shall expeditiously fill budgeted positions consistent with the funding provided in this act.
2. It is the intent of the Legislature that the Franchise Tax Board resolve tax controversies, without litigation, on a basis that is fair to both the state and the taxpayer and in a manner that will enhance voluntary compliance and public confidence in the integrity and efficiency of the board.

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3. During the 2002–03 fiscal year, the collection cost recovery fee for purposes of subparagraph (A) of paragraph (1) of subdivision (a) of Section 19254 of the Revenue and Taxation Code shall be \$101, and the filing enforcement cost recovery fee for purposes of subparagraph (A) of paragraph (2) of that subdivision shall be \$108.	
4. During the 2002–03 fiscal year, the collection cost recovery fee for purposes of subparagraph (B) of paragraph (1) of subdivision (a) of Section 19254 of the Revenue and Taxation Code shall be \$150, and the filing enforcement cost recovery fee for purposes of subparagraph (B) of paragraph (2) of that subdivision shall be \$175.	
5. Of the amounts appropriated in this item, the amount provided in Schedule (5) and Schedule (13), Reimbursements—Child Support Automation, are, pursuant to Section 5 of Chapter 479, Statutes of 1999, available for 2002–03 and 2003–04.	
6. It is the intent of the Legislature that the California Child Support Automation Project shall receive the highest commitment and priority of all of the state’s child support automation activities.	
7. The Legislature intends that the California Child Support Automation Project shall support all child support collections activities in compliance with federal certification requirements.	
8. Notwithstanding any other provision of law, upon request of the Franchise Tax Board, the Department of Finance may augment the amount available for expenditure in Schedule 5 (Child Support Automation) and 13 (Child Support Automation-Reimbursements) for expenditures associated with the implementation of the California Child Support Automation System Project. The augmentation may be effected not sooner than 30 days after notification in writing of necessity therefor to the chairperson of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine. The funds appropriated by this provision shall be consistent with the amount approved by the Department of Finance based on its	

Item	Amount
review and approval of the required Feasibility Study Report or Reports or equivalent document or documents.	
1730-001-0042—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the State Highway Account, State Transportation Fund .....	1,000
1730-001-0044—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the Motor Vehicle Account, State Transportation Fund .....	1,779,000
1730-001-0064—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the Motor Vehicle License Fee Account, Transportation Tax Fund.....	3,369,000
1730-001-0122—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the Emergency Food Assistance Program Fund .....	6,000
1730-001-0200—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the Fish and Game Preservation Fund (Rare Fish, Wildlife, and Plant Species Conservation and Enhancement Account) .....	13,000
1730-001-0242—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the Court Collection Account.....	3,429,000
1730-001-0803—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the State Children’s Trust Fund.....	11,000
1730-001-0823—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Alzheimer’s Disease and Related Disorders Research Fund .....	11,000
1730-001-0886—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Seniors Special Fund .....	4,000
1730-001-0945—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Breast Cancer Research Fund .....	7,000
1730-001-0974—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Peace Officer Memorial Foundation Fund .....	5,000
1730-001-0979—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the Firefighters’ Memorial Fund .....	7,000



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1730-001-0983—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Fund for Senior Citizens.....	7,000
1730-001-8006—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the Lupus Foundation of America California Chapters Fund .....	5,000
1730-002-0001—For support of the Franchise Tax Board for rental payments on lease revenue bonds.....	7,275,000
Schedule:	
(1) Central Office—Buildings 1 and 2.	7,334,000
(2) Insurance .....	140,000
(3) Reimbursements .....	-199,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
1730-295-0001—For local assistance, Franchise Tax Board, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller .....	0
Schedule:	
(1) 98.01.023.874-Substandard Housing (Ch. 238, Stats. 1974) .....	0
Provisions:	
1. Pursuant to Section 17581 of the Government Code, mandates identified in the appropriation schedule of this item with an appropriation of \$0 and included in the language of this provision are specifically identified by the Legislature for suspension during the 2001–02 fiscal year:	
(1) Substandard Housing (Ch. 238, Stats. 1974).	
1730-301-0001—For capital outlay, Franchise Tax Board.....	288,000
Schedule:	
(1) 90.01.060-Minor Capital Outlay: Fresno Field Office Security Improvements Renovation—Preliminary plans, working drawings, construction .....	288,000

Item	Amount
1730-495—Reversion, Franchise Tax Board. As of June 30, 2002, the unencumbered balance of the appropriation provided in the following citation shall revert to the fund balance of the fund from which the appropriation was made. 0001—General Fund (1) \$7,800,000 from the appropriation in Schedule (1) 10-Tax Programs, from Item 1730-001-0001, Budget Act of 2001 (Ch. 106, Stats. 2001) allocated to the Franchise Tax Board and the selected business partner for the Integrated Non-Filer Compliance (INC) Project.	
1760-001-0001—For support of Department of General Services, for payment to Item 1760-001-0666 ..... Provisions: 1. In addition to the funds appropriated in this item, any amounts received from the sale of the Governor’s Budget and related publications funded from this item are available for expenditure.	19,572,000
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 .....	2,734,000
1760-001-0003—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the Motor Vehicle Parking Facilities Mon- eys Account.....	3,782,000
1760-001-0022—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the State Emergency Telephone Number Account .....	1,244,000
1760-001-0026—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the State Motor Vehicle Insurance Account..... Provisions: 1. Notwithstanding any other provision of law, Section 16379 of the Government Code shall govern the payment of claims for the purposes of this item.	3,894,000
1760-001-0119—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the 1998 State School Facilities Fund..... Provisions: 1. Notwithstanding Item 9840-001-0494, the Director of Finance may authorize the creation of defi-	10,967,000

Item	Amount
ciencies pursuant to Section 11006 of the Govern- ment Code for the purposes of this item.	
1760-001-0450—For support of Department of General Services, for payment to Item 1760-001-0666, pay- able from the Seismic Gas Valve Certification Fee Account .....	75,000
1760-001-0465—For support of Department of General Services, for payment to Item 1760-001-0666, pay- able from the Energy Resources Programs Account.	1,336,000
1760-001-0602—For support of Department of General Services, for payment to Item 1760-001-0666, pay- able from the Architecture Revolving Fund .....	34,260,000
1760-001-0666—For support of Department of General Services, payable from the Service Revolving Fund .....	497,383,000
Schedule:	
(1) Program support.....	684,758,000
(2) Distributed services .....	-12,994,000
(2.5) Reimbursements .....	-136,000
(3) Amount payable from the General Fund (Item 1760-001-0001).....	-19,572,000
(4) Amount payable from the General Fund (Item 1760-011-0001).....	-2,752,000
(5) Amount payable from the Property Acquisition Law Money Account (Item 1760-001-0002) .....	-2,734,000
(6) Amount payable from the Motor Vehicle Parking Facilities Moneys Account (Item 1760-001-0003).....	-3,782,000
(7) Amount payable from the State Emergency Telephone Number Ac- count (Item 1760-001-0022).....	-1,244,000
(8) Amount payable from the State Mo- tor Vehicle Insurance Account (Item 1760-001-0026) .....	-3,894,000
(9) Amount payable from the 1998 State School Facilities Fund (Item 1760-001-0119).....	-10,967,000
(10) Amount payable from the Seismic Gas Valve Certification Fee Ac- count (Item 1760-001-0450).....	-75,000
(11) Amount payable from the Energy Resources Programs Account (Item 1760-001-0465) .....	-1,336,000
(12) Amount payable from the Archi- tecture Revolving Fund (Item 1760-001-0602) .....	-34,260,000

Item	Amount
(13) Amount payable from the Earthquake Safety and Public Buildings Rehabilitation Fund of 1990 (Item 1760-001-0768) .....	-805,000
(14) Amount payable from the State School Deferred Maintenance Fund (Item 1760-001-0961).....	-141,000
(15) Amount payable from the Property Acquisition Law Money Account (Item 1760-015-0002).....	-1,400,000
(16) Amount payable from the Motor Vehicle Parking Facilities Money Account (Item 1760-002-0003).....	-1,102,000
(17) Amount payable from the Service Revolving Fund (Item 1760-002-0666).....	-75,453,000
(18) Amount payable from the Service Revolving Fund (Item 1760-003-0666).....	-14,728,000

Provisions:

1. Notwithstanding any other provision of law, revenues from the sale of legislative bills and publications received by the Bill Room shall be deposited in the Service Revolving Fund.
2. Notwithstanding any other provision of law, if the Director of the Department of General Services determines in writing that there is insufficient cash in a special fund under his or her authority to make one or more payments currently due and payable, he or she may order the transfer of moneys to that special fund in the amount necessary to make payment or payments, as a loan from the Service Revolving Fund. That loan shall be subject to all of the following conditions:
  - (a) No loan shall be made that would interfere with the carrying out of the object for which the Service Revolving Fund was created.
  - (b) The loan shall be repaid as soon as there is sufficient money in the recipient fund to repay the amount loaned, but no later than 18 months after the date of the loan. The amount loaned shall not exceed the amount that the fund or program is authorized at the time of the loan to expend during the 2002–03 fiscal year from the recipient fund except as otherwise provided in Provisions 4, 5, and 6 of this item.

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- (c) The terms and conditions of the loan are approved, prior to the transfer of funds, by the Department of Finance pursuant to appropriate fiscal standards.
3. It is the intent of the Legislature that the departments that provide e-government services or transactions shall reimburse the Department of General Services (DGS) for the development, implementation, and maintenance of the state's centralized e-government systems. The DGS shall establish rates that departments shall be charged for the ongoing use and maintenance of the systems. Departments shall not develop or implement e-government systems to the extent such systems already exist within the state's centralized e-government systems. Notwithstanding Item 9840-001-0988, Item 9840-001-0494, and Section 27 of this act, the Director of General Services may augment this item, by up to an aggregate of one and one-half percent in cases where the Legislature has provided funding in departmental budgets for e-government services. Any augmentation that is deemed to be necessary on a permanent basis shall be submitted for review as part of the normal budget development process. An augmentation shall be approved by the Department of Finance and shall not be made sooner than 30 days after written notification is provided to the Chairperson of the Senate Committee on Budget and Fiscal Review, the Chairperson of the Assembly Budget Committee, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee may determine.
  4. Notwithstanding Item 9840-001-0988, Item 9840-001-0494, and Section 27.00 of this act, the Director of General Services may augment this item or any of Items 1760-001-0002, 1760-001-0003, 1760-001-0026, and 1760-001-0602, by up to an aggregate of 10 percent in cases where (a) the Legislature has approved funds for a customer for the purchase of services or equipment through the Department of General Services (DGS) and the corresponding expenditure authority has not been provided in this item or (b) a local government entity or the federal government has re-

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quested services from the DGS. Any augmentation that is deemed to be necessary on a permanent basis shall be submitted for review as part of the normal budget development process. If the Director of the Department of General Services augments this item or Item 1760-001-0002, 1760-001-0003, 1760-001-0026, or 1760-001-0602 the DGS shall notify the Department of Finance within 30 days after that augmentation is made as to the amount, justification, and the program augmented. Any augmentation made in accordance with this provision shall not result in an increase in any rate charged to other departments for services or the purchase of goods without the prior written consent of the Department of Finance.

5. Notwithstanding Item 9840-001-0988, Item 9840-001-0494, and Section 27.00 of this act, if this item or Item 1760-001-0002, 1760-001-0003, 1760-001-0026, or 1760-001-0602, is augmented pursuant to Provision 4 by the maximum allowed under that provision, the Director of Finance may further augment the item or items in cases where (a) the Legislature has approved funds for a customer for the purchase of services or equipment through the DGS and the corresponding expenditure authority has not been provided in these items, or (b) a local government entity or the federal government has requested services from the DGS. Any augmentation that is deemed to be necessary on a permanent basis shall be submitted for review as part of the normal budget development process.
6. Notwithstanding Item 9840-001-0988, Item 9840-001-0494, and Section 27.00 of this act, the Director of General Services may augment this item and Items 1760-001-0026 and 1760-001-0003 to increase authorized expenditures by the Office of State Publishing, the Office of Risk and Insurance Management, the Office of Fleet Administration, the Office of Energy Management, and the Office of Public Safety Radio Services. The augmentation shall be for the specific purpose of enabling the Office of State Publishing, the Office of Risk and Insurance Management, the Office of Fleet Administration, the Office of Energy Management, and the Office of Public

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<p>Safety Radio Services to provide competitive services to their customers (including local government entities or the federal government) and may be made only if the office has sufficient operating reserves available to fund the augmentation. If the Director of General Services augments either of the items in this provision, the DGS shall notify the Department of Finance within 30 days after that augmentation is made as to the amount, justification, and the office augmented. Any augmentation that is deemed to be necessary on a permanent basis shall be submitted for review as part of the normal budget development process.</p>	
<p>7. Any augmentation made pursuant to Provisions 4, 5, and 6 of this item shall be reported in writing to the chairpersons of the fiscal committees of each house and the Chairperson of the Joint Legislative Budget Committee within 30 days of the date the augmentation is approved. This notification shall identify the amount of, and justification for, the augmentation, and the program that has been augmented. Copies of the notification shall be provided to the Department of Finance.</p>	
<p>8. Notwithstanding any other provision of law, the Director of General Services or his or her designee, in lieu of the Director of Finance, is authorized to carry out the provisions of Section 26.00 of this act as it pertains to category transfers.</p>	
<p>9. Notwithstanding any other provision of law, the Director of General Services or his or her designee, in lieu of the Director of Finance, is authorized to approve Budget Revision, Standard Form 26 subject to a copy being provided to the Department of Finance.</p>	
<p>10. Of the funds appropriated in this item, up to \$1,000,000 is available, as needed, for dual occupancy rent costs associated with the State Department of Education's move to the East End Complex.</p>	
<p>1760-001-0768—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the Earthquake Safety and Public Buildings Rehabilitation Fund of 1990 .....</p>	805,000
<p>1760-001-0961—For support of Department of General Services for payment to Item 1760-001-0666, payable from the State School Deferred Maintenance Fund .....</p>	141,000

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1760-002-0003—For support of Department of General Services, for rental payments on lease revenue bonds, for payment to Item 1760-001-0666, payable from the Motor Vehicle Parking Facilities Moneys Account .....	1,102,000
Provisions:	
1. The funds appropriated in this item are for the following:	
(a) Base Rental and Fees.....	1,092,000
(b) Insurance.....	10,000
2. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
1760-002-0666—For support of Department of General Services, for rental payments on lease revenue bonds, for payment to Item 1760-001-0666, payable from the Service Revolving Fund.....	75,453,000
Provisions:	
1. The funds appropriated in this item are for the following:	
(a) Base rental and fees.....	74,645,000
(1) Capitol Area Development Authority, Sacramento .....	703,000
(2) State Office Building, Riverside .....	2,169,000
(3) Department of Justice Building, Sacramento .....	4,945,000
(4) San Francisco Civic Center Building .....	25,613,000
(5) Ronald Reagan Building, Los Angeles .....	17,738,000
(6) Elihu M. Harris Building, Oakland.....	11,516,000
(7) LA Junipero Serra II.....	4,808,000



Item	Amount
<ul style="list-style-type: none"> <li>(8) State Office Building, San Diego (Suburban) .. 2,786,000</li> <li>(9) Capitol East End Garage..... 993,000</li> <li>(10) Stephen P. Teale Data Center..... 3,374,000</li> <li>(b) Insurance..... 914,000</li> <li>(c) Reimbursements ..... -106,000</li> </ul>	
<ul style="list-style-type: none"> <li>2. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.</li> </ul>	
<p>1760-003-0666—For support of Department of General Services, for rental payments on California Environmental Protection Agency Building, for payment to Item 1760-001-0666, payable from the Service Revolving Fund.....</p>	14,728,000
<p>Provisions:</p> <ul style="list-style-type: none"> <li>1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.</li> </ul>	
<p>1760-011-0001—For support of Department of General Services, for payment to Item 1760-001-0666 .....</p>	2,752,000
<p>Provisions:</p> <ul style="list-style-type: none"> <li>1. The funds appropriated in this item are for the following: <ul style="list-style-type: none"> <li>(a) Asbestos Abatement..... 1,005,000</li> <li>(b) Underground Storage Tank Program ..... 1,747,000</li> </ul> </li> <li>2. The funds appropriated in this item may also be used for purposes related to the remediation of toxic sites for which the state is responsible, provided that proposals to transfer funds between these programs or for such other purposes shall be submitted in accordance with Section 26.00 of this act. These proposals shall detail the reasons for the transfer and the impact on the programs for which the transfer is proposed.</li> <li>3. The unencumbered balance of any funds transferred from this item into the Architecture Re-</li> </ul>	

Item	Amount
<p>volving Fund will be reverted at the close of the fiscal year.</p> <p>1760-011-0006—For transfer upon order of the Director of Finance, from the Disability Access Account to the General Fund.....</p>	(10,000,000)
<p>Provisions:</p> <p>1. The amount transferred in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. Principal and interest on the loan shall be repaid in full no later than October 1, 2004. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan through reduction in service or increased fees.</p>	
<p>1760-011-0328—For transfer upon order of the Director of Finance, from the Public School Planning, Design, and Construction Review Revolving Fund to the General Fund.....</p>	(35,000,000)
<p>Provisions:</p> <p>1. The amount transferred in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account as the time of the transfer. Principal and interest on the loan shall be repaid in full by no later than October 1, 2004. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan through reduction in service or increased fees.</p>	
<p>1760-013-0002—For transfer upon order of the Director of Finance from the Property Acquisition Law Money Account to the General Fund.....</p>	(2,700,000)
<p>Provisions:</p> <p>1. The amount transferred in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. Principal and interest on the loan shall be repaid in full no later than October 1, 2004. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan through reduction in service or increased fees.</p>	

Item	Amount
1760-015-0002—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the Property Acquisition Law Money Account.....	1,400,000
1760-101-0022—For local assistance, Department of General Services, for reimbursement of local agencies and service suppliers or communications equipment companies for costs incurred pursuant to Sections 41137, 41137.1, 41138, and 41140 of the Revenue and Taxation Code, payable from the State Emergency Telephone Number Account .....	146,353,000
1760-301-0660—For capital outlay, Department of General Services, payable from the Public Buildings Construction Fund .....	175,886,000

Schedule:

- (1) 50.10.140-Food and Agriculture Building Renovation, 1220 N Street, Sacramento—Construction .. 20,754,000
- (1.5) 50.10.152-Bonderson Building Renovation, Sacramento—Preliminary plans, working drawings, and construction ..... 23,024,000
- (2) 50.10.160-Office Buildings 8 and 9 Renovation, 714 P Street, Sacramento—Working drawings and construction .....107,276,000
- (3) 50.10.161-Office Building 10 Renovation, 721 Capitol Mall, Sacramento—Working drawings and construction ..... 24,832,000

Provisions:

1. The State Public Works Board may issue lease-revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance the construction of the projects authorized by this item.
2. The State Public Works Board and the Department of General Services may obtain interim financing for the project costs authorized in this item from any appropriate source, including, but not limited to, the Pooled Money Investment Account pursuant to Sections 16312 and 16313 of the Government Code.
3. The State Public Works Board may authorize the augmentation of the cost of construction of the

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project scheduled in this item pursuant to the board’s authority under Section 13332.11 of the Government Code. In addition, the board may authorize any additional amount necessary to establish a reasonable construction reserve and to pay the cost of financing including the payment of interest during construction of the project, the costs of financing a debt service fund, and the cost of issuance of permanent financing for the project. This additional amount may include interest payable on any interim financing obtained.

4. The Department of General Services is authorized and directed to execute and deliver any and all leases, contracts, agreements, or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the scheduled projects.
5. The State Public Works Board shall not itself be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800) of Division 3 of Title 2 of the Government Code). This section does not exempt this department from the requirements of the California Environmental Quality Act. This section is intended to be declarative of existing law.

1760-301-0768—For capital outlay, Department of General Services, payable from the Earthquake Safety and Public Buildings Rehabilitation Fund of 1990.. 21,572,000  
 Schedule:

- |   |           |
|---|-----------|
| (1) 50.99.029-Program Management....  | 800,000   |
| (2) 50.99.089-California Department of Corrections, California Men’s Colony, SLO, Building A-Administration: Structural Retrofit—Working drawings and construction..... | 2,996,000 |
| (3) 50.99.091-California Department of Corrections, DVI, Tracy, Hospital Building: Structural Retrofit—Working drawings and construction.....                           | 1,988,000 |

Item	Amount
(4) 50.99.092-California Department of Corrections, California Correctional Institute, Tehachapi, Dorm E1, E2, E3, E4: Structural Retrofit—Working drawings and construction .....	2,852,000
(5) 50.99.179-California Department of Corrections, San Quentin State Prison, Building 22: Modulars—Working drawings and construction.....	6,180,000
(6) 50.99.402-Department of Mental Health, Patton State Hospital-30 Building, A-E: Structural Retrofit—Working drawings.....	1,150,000
(7) 50.99.403-Department of Mental Health, Patton State Hospital-70 Building, A-E: Structural Retrofit—Working drawings.....	1,150,000
(8) 50.99.404-Department of Mental Health, Patton State Hospital-Building N: Structural Retrofit—Working drawings.....	718,000
(9) 50.99.411-California Department of Corrections, Correctional Training Facility, Soledad, South Dorm C, D, E: Structural Retrofit—Working drawings and construction.....	2,292,000
(10) 50.99.079-California Department of Corrections, San Quentin, Building 22: Structural Retrofit—Working drawings.....	1,182,000
(11) 50.99.039-Department of General Services, Fresno: State Office Building: Structural Retrofit—Working drawings.....	264,000

Provisions:

1. Pursuant to funds appropriated in Schedule 1 and notwithstanding any other provision of law, the Director of the Department of General Services or his or her designee may contract for program management services provided by a licensed architect, registered engineer, or licensed general contractor where a firm is selected to assist DGS in project management activities, planning, designing, estimating, reviewing, and completing, a multiproject construction program.

Item	Amount
2.	
<p>If, during the validation portion of project development for projects listed in Schedule 1 to 11, inclusive, the risk level of any of these projects is reduced, or where a project savings has been realized, the funding for that particular project shall be available for expenditure for any of the other projects in this appropriation or for preliminary plans for the next highest priority Risk Level V or VI building identified by the department. If this change in funding occurs, the Department of General Services shall report to the Chair of the Joint Legislative Budget Committee detailing the project or projects reduced in seismic risk level, the project or projects for which preliminary plans will be developed, or the redirection of project savings within this appropriation.</p>	
<p>1760-401—In the event the bonds authorized for the Capitol Area Plan project in Chapter 761 of the Statutes of 1997 are not sold, the Department of General Services shall commit a sufficient portion of its support appropriation, as determined by the Department of Finance, which is provided for in this Budget Act to repay any interim financing. It is the intent of the Legislature that this commitment shall be included in future Budget Acts until all interim financing is repaid either through the proceeds from the sale of bonds or from an appropriation.</p>	
<p>1760-490—Reappropriation, Department of General Services. The balance of the appropriation provided in the following citation is reappropriated for the purposes provided for in that appropriation, and shall be available for encumbrance and expenditure until June 30, 2003:</p>	
<p>0768—Earthquake Safety and Public Buildings Rehabilitation Fund of 1990</p>	
<p>(1) Item 1760-301-0768, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 1760-490, Budget Act of 2001 (Ch. 106, Stats. 2001)</p>	
<p>(9) 50.99.082-Veterans' Home of California, Yountville, Recreation Building: Structural Retrofit—Construction</p>	
<p>(2) Item 1760-301-0768, Budget Act of 2001 (Ch. 106, Stats. 2001)</p>	
<p>(4) 50.99.085-Metropolitan State Hospital, Norwalk, Laundry Building: Structural Retrofit—Construction</p>	

Item	Amount
<ul style="list-style-type: none"> <li>(6) 50.99.087-Sonoma Developmental Center, Eldridge, Porter Administration Building, Structural Retrofit—Construction</li> <li>(7) 50.99.088-Correctional Training Facility, Soledad, Hospital Wing Q: Structural Retrofit—Construction</li> </ul>	
0853—Petroleum Violation Escrow Account	
(1) Item 1760-301-0853, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 1760-490, Budget Act of 2001 (Ch. 106, Stats. 2001)	
(1) 50.99.200-State Fleet Alternative Fuel Infrastructure, Sacramento, Oakland, Los Angeles—Working drawings and construction	
1760-491—Reappropriation, Department of General Services. Notwithstanding any other provision of law, the balance, as of June 30, 2002, of the funds made available pursuant to Item 1760-101-0768 of Section 2.00 of the Budget Act of 1994 (Ch. 139, Stats. 1994) and Item 1760-101-0768 of Section 2.00 of the Budget Act of 1999 (Ch. 50, Stats. 1999), as reappropriated by Item 1760-491 of Section 2.00 of the Budget Act of 2001 (Ch. 106, Stats. 2001), are reappropriated and shall be available for expenditure through June 30, 2003.	
Schedule:	
(1) 3116-Richmond, Contra Costa— City Hall .....	1,149,975
(2) 3117-Richmond, Contra Costa— Hall of Justice .....	683,613
(3) 3292-Torrance, Harbor—UCLA Medical Center .....	777,618
(4) 4018-Alameda, Fire Station #8, Oakland.....	184,010
(5) 4029-Alameda, Oakland Police Ad- ministration Retrofit—Oakland ....	500,000
(6) 4042-Orinda, Contra Costa: Orinda Fire Station #44 .....	57,671
(7) 4162-Ventura, ECC/Public Safety Bldg., Oxnard .....	282,946
(8) 4224-San Leandro, Alameda: Fire Station #2 .....	110,858
(9) 4225-San Leandro, Alameda: Fire Station #3 .....	116,810

Item	Amount
1760-496—Department of General Services: As of June 30, 2002, the unencumbered balances of the appropriations provided for in the following citations shall revert to the balance of the fund from which it was made:	
0666—Service Revolving Fund	
Item 1760-301-0666, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated in Item 1760-490, Budget Act of 2001 (Ch. 106, Stats. 2001)	
(7) 50.10.152-Bonderson Building Renovation, Sacramento—Preliminary plans and working drawings	
1880-001-0001—For support of State Personnel Board .	6,712,000
Schedule:	
(1) 10-Merit System Administration ....	16,130,000
(2) 40-Local Government Services .....	3,003,000
(3) 50.01-Administrative Services .....	3,695,000
(4) 50.02-Distributed Administrative Services .....	-3,042,000
(5) Reimbursements .....	-13,074,000
1880-295-0001—For local assistance, State Personnel Board, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller.....	1,000
Schedule:	
(1) 98.01.067.590-Peace Officers Procedural Bill of Rights (Ch. 675, Stats. 1990).....	1,000
Provisions:	
1. Except as provided in Provision 2 of this item, allocations of funds provided in this item to the appropriate local entities shall be made by the State Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated in this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of	



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Part 7 of Division 4 of Title 2 of the Government Code.

- 2. If any of the scheduled amounts are insufficient to provide full reimbursement of costs, the State Controller may, upon notifying the Director of Finance in writing, augment those deficient amounts from the unencumbered balance of any other scheduled amounts therein. No order may be issued pursuant to this provision unless written notification of the necessity therefore is provided to the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee or his or her designee.

1900-001-0950—For support of Board of Administration of the Public Employees’ Retirement System, payable from the Public Employees’ Contingency Reserve Fund .....

Provisions:

16,071,000

- 1. The appropriation made in this item is for support of the Board of Administration pursuant to Section 22840 of the Government Code.
- 2. It is the intent of the Legislature that the Public Employees’ Retirement System (PERS) shall prepare a complete risk management plan before entering into a contract that obligates state funds for the Health Care Decision Support System (HCDSS). The plan shall include, but is not limited to, contingencies for problems related to software integration, system inaccessibility, and healthcare provider data.
- 3. It is the intent of the Legislature that an independent evaluation be conducted of the proposed contract for the HCDSS before PERS enters into or obligates state funds for this project. The evaluation shall include, but not be limited to, a comparison of the business requirements in the contract and the procurement document, review of contract terms and conditions assessing protections for the state, comparison of the HCDSS contract with contracts of similar size and scope to assess coverage of necessary support services, and assessment of hardware and software replacement schedules to ensure conformance with industry standards.

Item	Amount
1900-003-0830—For support of Board of Administration of the Public Employees’ Retirement System, payable from the Public Employees’ Retirement Fund.....	(142,306,000)

Provisions:

1. The amount displayed in this item is based on the estimate by the Public Employees’ Retirement System of expenditures for external investment advisers and other investment related expenses to be made during the 2002–03 fiscal year pursuant to Sections 20172, 20210, and 20208 of the Government Code. The Board of Administration of the Public Employees’ Retirement System shall report to the fiscal committees of the Legislature and the Joint Legislative Budget Committee on or before January 10, 2003, regarding any revision of this estimate, including an accounting and explanation of changes, and the amount of, and basis for, investment adviser expenditures proposed for the 2003–04 fiscal year. The Board of Administration of the Public Employees’ Retirement System shall report on or before January 10, 2004, on the final expenditures under this item, including an accounting and explanation of changes from estimates previously reported to the Legislature.
2. Each of the two reports described in Provision 1 also shall include all of the following:
  - (a) A summary and comparison of the externally managed portfolios, the internally managed portfolios, and the total fund. This information shall include the value of the assets, the gross and net returns, the benchmark returns, and the costs, by dollars and basis points, for these portfolios.
  - (b) A description of the actions the Public Employees’ Retirement System will take to ensure that any future expenditures for outside advisers will result in a greater return on investments, including costs for these advisers, than if in-house advisers were used.
  - (c) Separate listings of adviser contracts in effect, and approved, during the 2001–02 and 2002–03 fiscal years, with (1) amounts (total contract and annual basis) for each contract for base fees and performance-based fees, and (2) summary statements of the purposes of each contract.

Item	Amount
1900-015-0815—For support of Board of Administration of the Public Employees’ Retirement System, payable from the Judges’ Retirement Fund .....	(391,000)
Provisions:	
1. Notwithstanding any other provision of law, the Board of Administration of the Public Employees’ Retirement System (PERS), in accordance with all applicable provisions of the California Constitution, shall submit to the Controller, the Department of Finance, the Joint Legislative Budget Committee, and the fiscal committees of the Legislature, all of the following:	
(a) No later than January 10, 2003, a copy of the proposed budget for PERS for the 2003–04 fiscal year as included with the Governor’s Budget.	
(b) No later than May 15, 2003, a copy of the proposed budget for PERS for the 2003–04 fiscal year as approved by the Board of Administration.	
(c) The revisions to the proposed budget for PERS for the 2002–03 fiscal year, as recommended by the PERS Finance Committee, at least 30 days prior to the consideration of those revisions by the Board of Administration.	
(d) Commencing October 1, 2002, all expenditure and performance workload data provided to the Board of Administration, as updated on a quarterly basis. This quarterly update information is to be submitted to the Joint Legislative Budget Committee and the fiscal committees of the Legislature, and shall be in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of Public Employees’ Retirement System expenditures.	
1900-015-0820—For support of Board of Administration of the Public Employees’ Retirement System, payable from the Legislators’ Retirement Fund .....	(244,000)
Provisions:	
1. Notwithstanding any other provisions of law, the Board of Administration of the Public Employees’ Retirement System, in accordance with all applicable provisions of the California Constitution, shall submit to the Controller, the Department of Finance, the Joint Legislative Budget	

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Committee, and the fiscal committees of the Legislature all of the following:

- (a) A copy of the proposed budget for the Public Employees' Retirement System for the 2003-04 fiscal year by January 10, 2003, as included with the Governor's Budget.
- (b) A copy of the proposed budget for the Public Employees' Retirement System for the 2003-04 fiscal year as approved by the Board of Administration by May 15, 2003.
- (c) The revisions to the proposed budget for the Public Employees' Retirement System for the 2002-03 fiscal year as recommended by the Public Employees' Retirement System Finance Committee at least 30 days prior to consideration of those revisions by the Board of Administration.
- (d) Commencing October 1, 2002, all expenditure and performance workload data provided to the Board of Administration, updated on a quarterly basis, shall be submitted to the Joint Legislative Budget Committee and the fiscal committees of the Legislature. The quarterly update information submitted to the Legislature shall be in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of the expenditures of the Public Employees' Retirement System.

1900-015-0830—For support of Board of Administration of the Public Employees' Retirement System, payable from the Public Employees' Retirement Fund..... (222,007,000)

Provisions:

- 1. Notwithstanding any other provision of law, the Board of Administration of the Public Employees' Retirement System, in accordance with all applicable provisions of the California Constitution, shall submit to the Controller, the Department of Finance, the Joint Legislative Budget Committee, and the fiscal committees of the Legislature, all of the following:
  - (a) A copy of the proposed budget for the Public Employees' Retirement System for the 2003-04 fiscal year by January 10, 2003, as included with the Governor's Budget.

Item	Amount
<ul style="list-style-type: none"> <li>(b) A copy of the proposed budget for the Public Employees' Retirement System for the 2003–04 fiscal year as approved by the Board of Administration by May 15, 2003.</li> <li>(c) The revisions to the proposed budget for the Public Employees' Retirement System for the 2002–03 fiscal year as recommended by the Public Employees' Retirement System Finance Committee at least 30 days prior to consideration of those revisions by the Board of Administration.</li> </ul>	
<ul style="list-style-type: none"> <li>2. Commencing October 1, 2002, all expenditure and performance workload data provided to the Board of Administration, updated on a quarterly basis, shall be submitted to the Joint Legislative Budget Committee and the fiscal committees of the Legislature. The quarterly update information submitted to the Legislature shall be in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of the expenditures of the Public Employees' Retirement System.</li> </ul>	
<ul style="list-style-type: none"> <li>3. Commencing July 1, 2002, reports on information technology projects that are submitted to the Board of Administration shall be submitted to the Joint Legislative Budget Committee, the fiscal committees of the Legislature, and the Department of Information Technology (DOIT) on an informational basis. The quarterly update information submitted to the DOIT shall be in sufficient detail to be useful for DOIT informational project status reporting purposes.</li> </ul>	
<p>1900-015-0884—For support of Board of Administration of the Public Employees' Retirement System, payable from the Judges' Retirement System II Fund...</p> <p>Provisions:</p> <ul style="list-style-type: none"> <li>1. Notwithstanding any other provision of law, the Board of Administration of the Public Employees' Retirement System (PERS), in accordance with all applicable provisions of the California Constitution, shall submit to the Controller, the Department of Finance, the Joint Legislative Budget Committee, and the fiscal committees of the Legislature, all of the following: <ul style="list-style-type: none"> <li>(a) No later than January 10, 2003, a copy of the proposed budget for PERS for the 2003–04</li> </ul> </li> </ul>	<p>(289,000)</p>

Item	Amount
<ul style="list-style-type: none"> <li>fiscal year as included with the Governor’s Budget.</li> <li>(b) No later than May 15, 2003, a copy of the proposed budget for PERS for the 2003–04 fiscal year as approved by the Board of Administration.</li> <li>(c) The revisions to the proposed budget for PERS for the 2002–03 fiscal year, as recommended by the PERS Finance Committee, at least 30 days prior to the consideration of those revisions by the Board of Administration.</li> <li>(d) Commencing October 1, 2002, all expenditure and performance workload data provided to the Board of Administration, as updated on a quarterly basis. This quarterly update information is to be submitted to the Joint Legislative Budget Committee and the fiscal committees of the Legislature, and shall be in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of Public Employees’ Retirement System expenditures.</li> </ul>	
<p>1900-015-0962—For support of Board of Administration of the Public Employees’ Retirement System, payable from the Volunteer Firefighter Length of Service Award Fund .....</p>	(78,000)
<p>Provisions:</p> <ol style="list-style-type: none"> <li>1. Notwithstanding any other provision of law, the Board of Administration of the Public Employees’ Retirement System, in accordance with all applicable provisions of the California Constitution, shall submit to the Controller, the Department of Finance, the Joint Legislative Budget Committee, and the fiscal committees of the Legislature, all of the following: <ul style="list-style-type: none"> <li>(a) A copy of the proposed budget for the Public Employees’ Retirement System for the 2003–04 fiscal year by January 10, 2003, as included with the Governor’s Budget.</li> <li>(b) A copy of the proposed budget for the Public Employees’ Retirement System for the 2003–04 fiscal year as approved by the Board of Administration by May 15, 2003.</li> <li>(c) The revisions to the proposed budget for the Public Employees’ Retirement System for the 2002–03 fiscal year recommended by the</li> </ul> </li> </ol>	

Item

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Public Employees' Retirement System Finance Committee, at least 30 days prior to consideration of those revisions by the Board of Administration.

- (d) Commencing October 1, 2002, all expenditure and performance workload data provided to the Board of Administration, updated on a quarterly basis, shall be submitted to the Joint Legislative Budget Committee and the fiscal committees of the Legislature. The quarterly update information submitted to the Legislature shall be in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of the expenditures of the Public Employees' Retirement System.

1920-001-0835—For support of State Teachers' Retirement System, payable from the State Teachers' Retirement Fund..... 77,182,000

Schedule:

- (1) 10-Services to Members and Employers ..... 77,584,000
- (2) Reimbursements..... -339,000
- (3) Amount payable from the Supplemental Benefit Maintenance Account in the Teachers' Retirement Fund pursuant to Section 22954 of the Education Code..... -63,000

Provisions:

- 1. This item shall not be subject to the requirements of subdivision (b), (c), (d), or (e) of Section 31.00 of this act. Nothing in this provision shall be construed as exempting this item from requirements of the State Civil Service Act or from requirements of laws, rules, and regulations administered by the Department of Personnel Administration.
- 2. Commencing July 1, 2002, reports on information technology projects that are submitted to the Teachers' Retirement Board shall be submitted to the Joint Legislative Budget Committee, the fiscal committees of the Legislature, and the Department of Information Technology (DOIT) on an informational basis. The information submitted to DOIT shall be in sufficient detail to be useful for DOIT informational project status reporting purposes.

Item	Amount
1920-002-0835—For support of State Teachers’ Retirement System (external investment advisers), payable from the State Teachers’ Retirement Fund.....	(106,000,000)

Provisions:

1. The amount displayed in this item is for informational purposes only, and is based on the current estimate by the State Teachers’ Retirement System (STRS) of expenditures for external investment advisers to be made during the 2002–03 fiscal year pursuant to Section 22353 of the Education Code. The STRS shall report to the fiscal committees of the Legislature and the Joint Legislative Budget Committee no later than January 10, 2003, regarding any revision of this estimate, including an accounting and explanation of the changes, and regarding the amount of, and basis for, investment adviser expenditures proposed for the 2003–04 fiscal year. The STRS shall report on or before January 10, 2004, on the final expenditures under this item, including an accounting and explanation of changes from estimates previously reported to the Legislature.
2. Each of the two reports described in Provision 1 also shall include all of the following:
  - (a) A summary and comparison of the externally managed portfolios, the internally managed portfolios, and the total fund. This information shall include the value of the assets, the gross and net returns, the benchmark returns, and the costs by dollars and basis points for these portfolios.
  - (b) A description of the actions the State Teachers’ Retirement System will take to ensure that any future expenditures for outside advisers will result in a greater return on investments, including costs for these advisers, than if in-house advisers were used.
  - (c) Separate listings of adviser contracts in effect, and approved, during the 2001–02 and 2002–03 fiscal years, with (1) amounts (total contract and annual basis) for each contract for base fees and performance-based fees, (2) summary statements of the purposes of each contract.

1920-011-0001—For transfer by the Controller to the State Teachers’ Retirement Fund.....	(975,522,000)
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Item Amount

Schedule:

- (1) Supplemental Benefit Maintenance
  - Account (SBMA) ..... (544,984,000)
- (2) Benefits Funding ..... (430,538,000)

Provisions:

- 1. The estimated amount referenced in Schedule (1) is the State’s contribution required by Section 22954 of the Education Code.
- 2. The estimated amount referenced in Schedule (2) is the state’s contribution required by subdivision (a) of Section 22955 of the Education Code.

1920-490—Reappropriation, State Teachers’ Retirement System (STRS). Notwithstanding any other provision of law, up to \$1,795,000 of the balance as of June 30, 2002, of the appropriation identified in the following citation is reappropriated, subject to the limitations set forth in Provision 1, and shall be available for encumbrance and expenditure until June 30, 2003. Any amount of this reappropriation that is not expended in 2002–03 shall be carried over to 2003–04 and is hereby reappropriated. In no event shall the total amounts reappropriated for the 2003–04 Budget exceed three percent of STRS’ 2002–03 appropriation.

0835—State Teachers’ Retirement Fund

- (1) Item 1920-001-0835, Budget Act of 2001 (Ch. 106, Stats. 2001)

Provisions:

- 1. The funds reappropriated in this item shall be available for expenditure by the State Teachers’ Retirement System for the purposes of meeting unanticipated system costs and promoting better service to the system’s membership. The funds may not be encumbered without advance approval of the State Teachers’ Retirement Board. The board shall report to the Legislature on a quarterly basis throughout the 2002–03 fiscal year on expenditures made pursuant to this item.

BUSINESS, TRANSPORTATION AND HOUSING

2100-001-0081—For support of Department of Alcoholic Beverage Control, payable from Alcohol Beverage Control Fund..... 34,563,000

Schedule:

- (1) 10.10-Licensing..... 18,792,000
- (2) 10.20-Compliance ..... 16,795,000

Item	Amount
(3) 10.30.010-Administration .....	3,198,000
(4) 10.30.020-Distributed Administration.....	-3,198,000
(5) Reimbursements .....	-1,024,000
2100-101-0081—For local assistance, Department of Alcoholic Beverage Control, Program 10.20-Compliance, for grants to local law enforcement agencies payable from Alcohol Beverage Control Fund .....	1,500,000
Provisions:	
1. Notwithstanding any other provisions of law, the Department of Alcoholic Beverage Control is authorized to grant funds to local law enforcement agencies for the purpose of enhancing enforcement of alcoholic beverage control laws in the local jurisdiction.	
2. Notwithstanding any other provisions of law, at the discretion of the Director, Department of Alcoholic Beverage Control, the department may advance grant funds to local law enforcement agencies.	
3. Notwithstanding any other provisions of law, at the discretion of the Director, Department of Alcoholic Beverage Control, title to any authorized equipment purchased by the local law enforcement agency pursuant to the grant may be vested in the local law enforcement agency at the conclusion of the grant period.	
2120-001-0117—For support of Alcoholic Beverage Control Appeals Board, Program 10, payable from the Alcoholic Beverage Control Appeals Fund.....	758,000
2150-001-0240—For support of Department of Financial Institutions, for payment to Item 2150-001-0298, payable from the Local Agency Deposit Security Fund .....	306,000
2150-001-0298—For support of Department of Financial Institutions, payable from the Financial Institutions Fund .....	16,318,000
Schedule:	
(1) 10-Licensing and Supervision of Banks and Trust Companies .....	14,724,000
(2) 20-Payment Instruments .....	788,000
(3) 40-Administration of Local Agency Security .....	306,000
(4) 50-Supervision of California Business and Industrial Development Corporations .....	28,000
(5) 60-Credit Unions.....	3,171,000

Item	Amount
(6) 70-Savings and Loan.....	122,000
(7) 80-Industrial Loan Companies .....	956,000
(8) 90.01-Administration.....	3,993,000
(9) 90.02-Distributed Administration ...	-3,993,000
(10) Reimbursements .....	-300,000
(11) Amount payable from the Local Agency Deposit Security Fund (Item 2150-001-0240) .....	-306,000
(12) Amount payable from the Credit Union Fund (Item 2150-001-0299).....	-3,171,000
2150-001-0299—For support of Department of Financial Institutions, for payment to Item 2150-001-0298, payable from the Credit Union Fund.....	3,171,000
2150-011-0298—For transfer by Controller, upon order of the Director of Finance, from the Financial Institutions Fund to the General Fund.....	(2,000,000)
Provisions:	
1. The transfer made by this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan through a reduction in service or through an increase in fees.	
2150-011-0299—For transfer by the Controller, upon order of the Director of Finance, from the Credit Union Fund, to the General Fund .....	(2,700,000)
Provisions:	
1. The transfer made by this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan.	
2180-001-0067—For support of Department of Corporations, payable from the State Corporations Fund.....	26,411,000
Schedule:	
(1) 10-Investment Program .....	16,940,000
(2) 20-Lender-Fiduciary Program .....	9,471,000
(3) 50.01-Administration.....	5,227,000
(4) 50.02-Distributed Administration ...	-5,227,000

Item	Amount
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
2. Of the amount appropriated in this item, \$938,000 is allocated to the Department of Corporations to complete the California Electronic Access to Securities Information Project, a pilot project to automate 20 of its most significant filings.	
2180-011-0067—For transfer by the Controller, upon order of the Director of Finance, from the State Corporations Fund to the General Fund .....	(20,000,000)
Provisions:	
1. The transfer made by this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan.	
2180-012-0067—For transfer by the Controller, upon order of the Director of Finance, from the State Corporations Fund to the General Fund .....	(9,000,000)
2240-001-0001—For support of Department of Housing and Community Development .....	5,762,000
Schedule:	
(1) 10-Codes and Standards Program ..	24,080,000
(2) 20-Community Affairs Program.....	13,113,000
(3) 30.01-Housing Policy Development Program.....	1,830,000
(4) 30.02-Distributed Housing Policy Development Program.....	-122,000
(5) 50.01-Administration.....	8,557,000
(6) 50.02-Distributed Administration ...	-8,557,000
(7) Reimbursements .....	-484,000
(8) Amount payable from the Mobile-home Park Revolving Fund (Item 2240-001-0245) .....	-4,386,000
(9) Amount payable from the Mobile-home Park Purchase Fund (Item 2240-001-0530) .....	-485,000
(10) Amount payable from the Mobile-home-Manufactured Home Revolving Fund (Item 2240-001-0648).....	-17,394,000

Item	Amount
(11) Amount payable from the Self-Help Housing Fund (Item 2240-001-0813) .....	-217,000
(12) Amount payable from the Federal Trust Fund (Item 2240-001-0890).....	-6,264,000
(13) Amount payable from the Housing Rehabilitation Loan Fund (Item 2240-001-0929) .....	-2,167,000
(14) Amount payable from the Rental Housing Construction Fund (Item 2240-001-0938) .....	-652,000
(15) Amount payable from the Predevelopment Loan Fund (Item 2240-001-0980).....	-239,000
(16) Amount payable from the Emergency Housing and Assistance Fund (Item 2240-001-0985).....	-851,000
Provisions:	
1. Of the amount appropriated in this item, \$223,000 shall be used to continue oversight by the Department of Housing and Community Development of redevelopment agencies and to provide technical assistance, in accordance with the Department's Housing Preservation Plan.	
2240-001-0245—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Mobilehome Park Revolving Fund.....	4,386,000
2240-001-0530—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Mobilehome Park Purchase Fund.....	485,000
2240-001-0648—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Mobilehome-Manufactured Home Revolving Fund.....	17,394,000
Provisions:	
1. Notwithstanding Section 18077 of the Health and Safety Code, or any other provision of law, the first \$2,388,000 in revenues collected by the Department of Housing and Community Development from manufactured home license fees shall be deposited in the Mobilehome-Manufactured Home Revolving Fund, and shall be available to the department for the support, collection, admin-	

Item	Amount
<ul style="list-style-type: none"> <li>istration, and enforcement of manufactured home license fees.</li> <li>2. Notwithstanding Section 18077.5 of the Health and Safety Code, or any other provision of law, the Department of Housing and Community Development is not required to comply with the reporting requirement of Section 18077.5 of the Health and Safety Code.</li> </ul>	
2240-001-0813—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Self-Help Housing Fund .....	217,000
2240-001-0890—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Federal Trust Fund .....	6,264,000
2240-001-0929—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Housing Rehabilitation Loan Fund .....	2,167,000
2240-001-0938—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Rental Housing Construction Fund .....	652,000
2240-001-0980—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Predevelopment Loan Fund.....	239,000
2240-001-0985—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Emergency Housing and Assistance Fund .....	851,000
2240-011-0474—For transfer, upon order of the Director of Finance, from the Child Care and Development Facilities Loan Guaranty Fund to the General Fund.	(2,706,000)
Provisions:	
<ul style="list-style-type: none"> <li>1. Funds remaining in the Child Care and Development Facilities Loan Guaranty Fund after this transfer shall be sufficient to guarantee, as of July 1, 2002, any outstanding loan guarantees as limited by paragraph (3) of subdivision (d) of Section 8277.5 of the Education Code. If unanticipated expenses related to these outstanding guarantees occur, the Director of Finance is authorized to use Section 27.00 of this act to address the deficiency from the General Fund. Notwithstanding any other provision of law, the department is autho-</li> </ul>	

Item	Amount
<p>rized to transfer available funds from any of its fund sources to the Guaranty Fund to meet the un-anticipated expenses.</p> <p>2240-011-0530—For transfer by the Controller, upon order of the Director of Finance, from the Mobilehome Park Purchase Fund to the General Fund.....</p>	(8,100,000)
<p>Provisions:</p> <p>1. The transfer made by this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan.</p>	
<p>2240-013-0474—For support of Department of Housing and Community Development, payable from the Child Care and Development Facilities Loan Guaranty Fund.....</p>	118,000
<p>2240-014-0472—For support of Department of Housing and Community Development, payable from the Child Care and Development Facilities Direct Loan Fund .....</p>	348,000
<p>2240-101-0001—For local assistance, Department of Housing and Community Development .....</p>	5,571,000
<p>Schedule:</p> <p>(1) 20-Community Affairs Program.....</p> <p>(2) Reimbursements.....</p> <p>(3) Amount payable from the Federal Trust Fund (Item 2240-101-0890) .....</p>	<p>117,921,000</p> <p>-1,000,000</p> <p>-111,350,000</p>
<p>Provisions:</p> <p>1. Notwithstanding any other provision of law or applicable regulation, the department may in any federal funding program it administers authorize an award rating and ranking bonus for eligible projects located in jurisdictions that, during calendar year 2001, met eligibility criteria of the Jobs-Housing Balance Incentive Grant Program, as established by the department pursuant to Section 50544(b) of the Health and Safety Code.</p>	
<p>2240-101-0890—For local assistance, Department of Housing and Community Development, for payment to Item 2240-101-0001, payable from the Federal Trust Fund.....</p>	111,350,000

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Provisions:	
1. Notwithstanding any other provision of law, federal funds appropriated by this act but not encumbered by June 30 may be expended in the subsequent fiscal year.	
2240-104-0001—For transfer, upon order of the Director of Finance, to the Farmworker Housing Grant Fund .....	13,984,000
Provisions:	
1. The amount transferred by this item shall be expended pursuant to Section 50517.5 of the Health and Safety Code.	
2. If the voters approve the Housing and Emergency Shelter Trust Fund Act of 2002 in the November 5, 2002, statewide general election, then the State Controller shall decrease the amount of this transfer by \$8,500,000.	
2240-105-0001—For transfer, upon order of the Director of Finance, to the Emergency Housing and Assistance Fund .....	5,300,000
Provisions:	
1. The amount transferred by this item shall be distributed pursuant to Chapter 11.5 (commencing with Section 50800) of Part 2 of Division 31 of the Health and Safety Code for operating facilities and capital development grants.	
2. Grants shall not be used to supplant existing emergency shelter or transitional housing fund. Notwithstanding any regulatory provision to the contrary, operating facilities grants shall not exceed \$100,000 nor be less than \$50,000. For counties with an allocation of greater than \$50,000, one grant of less than \$50,000 may be awarded if necessary to fully utilize the county's allocation. For counties with an allocation of up to or equal to \$50,000, up to two grants of less than \$50,000 may be awarded.	
3. Where funds are used by Designated Local Boards for Capital Development grants, funds shall be used for the activities specified in paragraph (2) of subdivision (a) of Section 50803 of the Health and Safety Code. Notwithstanding the provisions of Chapter 11.5 (commencing with Section 50900) of Part 2 of Division 31 of the Health and Safety Code, or any provision of the regulations promulgated thereunder, the Depart-	



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ment of Housing and Community Development shall distribute funds appropriated for purposes of this Provision 3 as grants in the form of forgivable deferred loans, subject to all of the following provisions:

Capital Development grants shall be allocated through a "Notice of Funding Availability" issued by the Designated Local Board. "The Notice of Funding Availability" shall contain both minimum and maximum grant amounts that shall not exceed \$500,000. Funding shall be made available to each project as a loan with a term of 5 years for rehabilitation, 7 years for substantial rehabilitation, or 10 years for acquisition and rehabilitation or new construction. Each deferred loan shall be secured by a deed of trust and promissory note. Repayment of the loan shall be deferred as long as the project is used as an emergency shelter or transitional housing. At the completion of the specified year term, the loan shall be forgiven. However, if a transfer or conveyance of the project occurs prior to that time that results in the property no longer being used as an emergency shelter or transitional housing, the department shall terminate the grant and require the repayment of the deferred loan in full.

2240-115-0813—For transfer, upon order of the Director of Finance, from the Self-Help Housing Fund to the General Fund..... (1,000)

Provisions:

- 1. If the voters approve the Housing and Emergency Shelter Trust Fund Act of 2002 at the November 5, 2002, general election, then the State Controller shall increase the amount of this transfer by \$5,599,000.

2240-115-0843—For transfer, upon order of the Director of Finance, from the California Housing Trust Fund to the General Fund..... (2,000,000)

2240-115-0927—For transfer, upon order of the Director of Finance, from the Farmworker Housing Grant Fund to the General Fund..... (1,000)

Provisions:

- 1. If the voters approve the Housing and Emergency Shelter Trust Fund Act of 2002 at the November 5, 2002, general election, then the State Controller

Item	Amount
shall increase the amount of this transfer by \$2,999,000.	
2240-115-0929—For transfer, upon order of the Director of Finance, from the Housing Rehabilitation Loan Fund to the General Fund .....	(1,290,000)
2240-115-3006—For transfer, upon order of the Director of Finance, from the Jobs-Housing Balance Improvement Account to the General Fund .....	(212,000)
2240-116-0929—For transfer, upon order of the Director of Finance, from the Housing Rehabilitation Loan Fund to the General Fund .....	(20,000,000)
Provisions:	
1. The transfer made by this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan.	
2240-295-0001—For local assistance, Department of Housing and Community Development, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller .....	1,000
Schedule:	
(1) 98.01.114.380-Regional Housing Needs Assessments (Ch. 1143, Stats. 1980) .....	1,000
Provisions:	
1. Except as provided in Provision 2 of this item, allocations of funds provided in this item to the appropriate local entities shall be made by the State Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated in this item may be used to provide reimbursement pursuant to Article 5	

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(commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.

2. If any of the scheduled amounts are insufficient to provide full reimbursement of costs, the State Controller may, upon notifying the Director of Finance in writing, augment those deficient amounts from the unencumbered balance of any other scheduled amounts therein. No order may be issued pursuant to this provision unless written notification of the necessity therefor is provided to the chairperson of the committee in each house which considers appropriation and the Chairperson of the Joint Legislative Budget Committee or his or her designee.

2240-401—Notwithstanding any other provision of law, any remaining unencumbered funds transferred to the Self-Help Housing Fund pursuant to Provision 3(h) of the Budget Act of 2000 (Ch. 52, Stats. 2000) for repair and replacement of manufactured homes may also be used for the general CalHOME program authorized by Chapter 6 (commencing with Section 50650) of Part 2, Division 31 of the Health and Safety Code. This item shall not take effect if the voters approve the Housing and Emergency Shelter Trust Fund Act of 2002 at the November 5, 2002, statewide general election.

2240-402—Notwithstanding any other provision of law, any remaining unencumbered funds transferred to the Farmworker Housing Grant Fund pursuant to Provision 2 of Item 2240-104-0001, Budget Act of 2000 (Ch. 52, Statutes of 2000), may be expended for the general Joe Serna Farmworker Housing Grant Program pursuant to Section 50517.5 of the Health and Safety Code. This item shall not take effect if the voters approve the Housing and Emergency Shelter Trust Fund Act of 2002 at the November 5, 2002, general election.

2240-403—Notwithstanding any other provision of law, any remaining unencumbered funds appropriated for transfer to the Farmworker Housing Grant Fund by Chapter 104, Statutes of 1997, for purposes of Section 50517.9 of the Health and Safety Code may be used for major repairs to housing and facilities operated by the Office of Migrant Services.

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2240-404—Notwithstanding any other provision of law or applicable regulation, the department may authorize, from the moneys appropriated to the Farmworker Housing Grant Fund, a rating and ranking bonus for eligible projects located in jurisdictions that, during calendar year 2001, met eligibility criteria of the Jobs-Housing Balance Incentive Grant Program, as established by the department pursuant to Section 50544(b) of the Health and Safety Code.	
2310-001-0400—For support of Office of Real Estate Appraisers payable from the Real Estate Appraisers Regulation Fund .....	3,274,000
Schedule:	
(1) 10-Administration of Real Estate Appraisers Program.....	3,349,000
(2) Reimbursements.....	-75,000
2320-001-0317—For support of Department of Real Estate, payable from the Real Estate Commissioner’s Fund .....	29,651,000
Schedule:	
(1) 10-Licensing and Education.....	6,378,000
(2) 20-Enforcement and Recovery.....	18,872,000
(3) 30-Subdivisions.....	5,151,000
(4) 40.10-Administration.....	4,824,000
(5) 40.20-Distributed Administration ...	-4,824,000
(6) Reimbursements.....	-750,000
Provisions:	
1. Of the amount appropriated in this item, \$500,000 shall be used only for the purposes of the Real Estate Recovery Account.	
2320-011-0317—For transfer by the Controller, upon order of the Director of Finance, from the Real Estate Commissioner’s Fund to the General Fund.....	(10,900,000)
Provisions:	
1. The transfer made by this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan.	
2. The amount borrowed by the General Fund from the Real Estate Commissioner’s Fund shall not be considered a transfer pursuant to Business and Professions Code Section 10226.5 and, therefore,	

Item	Amount
<p>shall not affect the amounts of fees collected by the Department of Real Estate.</p>	
2400-001-0933—For support of Department of Managed Health Care, payable from the Managed Care Fund .....	30,430,000
Schedule:	
(1) 30-Health Plan Program .....	30,430,000
(2) 50.01-Administration .....	8,415,000
(3) 50.02-Distributed Administration ...	-8,415,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
2400-002-0933—For support of Department of Managed Health Care, for the Office of Patient Advocate, payable from the Managed Care Fund .....	2,021,000
2600-001-0042—For support of California Transportation Commission, for payment to Item 2600-001-0046, payable from the State Highway Account, State Transportation Fund .....	1,506,000
2600-001-0046—For support of California Transportation Commission, payable from the Public Transportation Account, State Transportation Fund .....	1,347,000
Schedule:	
(1) 10-Administration of California Transportation Commission .....	2,853,000
(2) Amount payable from the State Highway Account, State Transportation Fund (Item 2600-001-0042).....	-1,506,000
2640-101-0046—For local assistance, Special Transportation Programs, for allocation by the Controller pursuant to Section 99312 of the Public Utilities Code, payable from the Public Transportation Account, State Transportation Fund .....	98,018,000
Provisions:	
1. Notwithstanding Sections 99313 and 99314 of the Public Utilities Code, not more than \$67,387 of the amount appropriated by this item shall reimburse the Controller for expenditures for administration of State Transportation Assistance funds.	
2640-102-0046—For local assistance, Special Transportation Programs, for allocation by the Controller, payable from the Public Transportation Account, State Transportation Fund .....	5,100,000

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2660-001-0041—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Aeronautics Account, State Transportation Fund .....	2,894,000
2660-001-0042—For support of Department of Transportation, payable from the State Highway Account, State Transportation Fund.....	1,926,619,000
Schedule:	
(1) 10-Aeronautics .....	3,199,000
(2) 20.10-Highway Transportation— Capital Outlay Support .....	1,035,710,000
(3) 20.30-Highway Transportation— Local Assistance .....	32,424,000
(4) 20.40-Highway Transportation— Program Development.....	76,426,000
(5) 20.65-Highway Transportation— Legal.....	63,526,000
(6) 20.70-Highway Transportation— Operations.....	147,334,000
(7) 20.80-Highway Transportation— Maintenance.....	781,105,000
(8) 30-Mass Transportation.....	105,466,000
(9) 40-Transportation Planning .....	104,381,000
(10) 50.00-Administration .....	295,502,000
(11) Reimbursements.....	-144,353,000
(12) Amount payable from the Aeronautics Account, State Transportation Fund (Item 2660-001-0041)...	-2,894,000
(13) Amount payable from the Bicycle Transportation Account, State Transportation Fund (Item 2660-001-0045) .....	-10,000
(14) Amount payable from the Public Transportation Account, State Transportation Fund (Item 2660-001-0046) .....	-125,459,000
(15) Amount payable from the Historic Property Maintenance Fund (Item 2660-001-0365) .....	-1,500,000
(16) Amount payable from the Federal Trust Fund (Item 2660-001-0890) .....	-444,238,000
Provisions:	
1. For purposes of the funds appropriated in Schedules (2) to (7), inclusive, Program 20—Highway Transportation, upon approval of the Department of Finance, the Department of Transportation	

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- shall notify the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee at least 20 days prior to spending funds to expand activities above budgeted levels or to implement a new activity not identified in this act, including any of those expenditures to be funded through a transfer of money from other expenditure categories or programs, except in the case of emergency work increases caused by snow, storm, or earth movement damage.
2. From funds appropriated in this item, the Department of Transportation may enter into interagency agreements with the Department of the California Highway Patrol to compensate that department for the cost of work performed by patrol officers at or near state highway construction projects so as to reduce the risk of occurrence of serious motor vehicle accidents.
  3. (a) Notwithstanding any other provision of law, funds appropriated in this item from the State Highway Account may be reduced and replaced by an equivalent amount of federal funds determined by the department to be available and necessary to comply with Section 8.50 of this act and the most effective management of state transportation resources. Not more than 30 days after replacing the state funds with federal funds, the Director of Finance shall notify in writing the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee of this action.
  - (b) To the extent that moneys in the State Highway Account are reduced pursuant to this provision, the Department of Transportation may transfer, with the approval of the Business, Transportation and Housing Agency, and upon authorization by the Director of Finance, all or part of the savings to Item 2660-101-0042 or Item 2660-301-0042 for local assistance or capital outlay projects approved by the California Transportation Commission. The Director of Finance shall authorize the transfer not sooner than 30 days after notification in writing to the chairperson of the committee in each house that considers ap-

Item	Amount
<p style="text-align: center;">ropriations and the Chairperson of the Joint Legislative Budget Committee.</p> <p>4. Notwithstanding any other provision of law, funding appropriated in this item may be transferred to Item 2660-005-0042 to pay for any necessary insurance, debt service, and other financing related expenditures for department-owned office buildings. Any transfer will require the prior approval of the Department of Finance.</p> <p>5. Notwithstanding any other provision of law, funds appropriated in Schedules (1) to (10), inclusive, in this item may be transferred to Item 2660-002-0608 for increases in equipment services costs, provided that the increase does not increase the overall appropriation authority for the Department of Transportation and no funding appropriated in Schedules (1) to (10), inclusive, is augmented. Any transfer will require the prior approval of the Department of Finance.</p> <p>6. Of the funds appropriated in Schedule (2), \$19,502,000 shall be used for state positions to perform technical oversight and invoice review of contracted architectural and engineering services that are managed by districts, and shall be available for expenditure on a prorated basis to correspond to actual contract expenditures for this purpose.</p> <p>7. The funds appropriated in Schedule (2) for external consultant and professional services related to project delivery (also known as 232 contracts) that are unencumbered or encumbered but unexpended related to work that will not be performed during the fiscal year shall revert to the fund from which they were appropriated.</p> <p>8. Notwithstanding any other provision of law, funds appropriated in this item may be supplemented with federal funding appropriation authority and with prior fiscal year State Highway Account appropriation balances at a level determined by the department as required to process claims utilizing federal advance construction through the Plan of Financial Adjustment process pursuant to Sections 11251 and 16365 of the Government Code.</p> <p>9. This item includes \$3,127,000 to fund 16 new positions to establish the Program and Project Management Division. Four positions shall also be re-</p>	



Item

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directed from Headquarters Information Technology into the Program and Project Management Division. The Department of Transportation shall track the workload of these new and redirected positions and report back during the fall budget development process for the 2004–05 fiscal year with a comparative analysis of this request and activities performed.

- 10. This item includes \$400,000 to fund four new positions to establish a cash monitoring and management program. The Department of Transportation shall track the workload of these new positions and report to the Legislature by December 1, 2004, with a comparative analysis of this request and activities performed.
- 11. The Legislature recognizes that the Department of Transportation’s capital outlay support workload projections based on the 2002 State Transportation Improvement Program adopted by the California Transportation Commission indicate a workload decline through June 30, 2007. It is the intent of the Legislature that the Department of Transportation develop a multi-year plan to be updated annually to manage capital outlay support resources that does not result in the layoff of state employees. At a minimum, the plan should include historical attrition rates of state employees and contract out resources required for specialty project delivery services. The plan shall be provided to the Legislature annually with the May Revision.
- 12. To the extent that capital outlay support positions are eliminated through Section 31.60 of this act or Section 12439 of the Government Code, the Director of Finance may authorize the associated personal services and operating expense dollars appropriated in Schedule (2) to be used to administratively manage capital outlay support resources to meet workload demand, upon 30-day advance notification to the Joint Legislative Budget Committee.

2660-001-0045—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Bicycle Transportation Account, State Transportation Fund.....

10,000

Item	Amount
2660-001-0046—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Public Transportation Account, State Transportation Fund .....	125,459,000
Provisions:	
1. For Program 30—Mass Transportation. \$73,138,000 appropriated in this item is available for intercity rail.	
2. Notwithstanding any other provision of law, funds appropriated in this item from the Public Transportation Account may be reduced and replaced by an equivalent amount of federal funds determined by the department to be available and necessary to comply with Section 8.50 of this act and the most effective management of state transportation resources. Not more than 30 days after replacing the state funds with federal funds, the Director of Finance shall notify in writing the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee of this action.	
2660-001-0365—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Historic Property Maintenance Fund .....	1,500,000
2660-001-0890—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Federal Trust Fund .....	444,238,000
Provisions:	
1. For Program 20—Highway Transportation. For purposes of the Streets and Highways Code, all expenditures from this item shall be deemed to be expenditures from the State Highway Account, State Transportation Fund.	
2. For Program 20—Highway Transportation. Federal funds may be received from any federal source, and shall be deposited in the Federal Trust Fund. Any federal reimbursements shall be credited to the account from which the expenditures were originally made.	
3. Notwithstanding any other provision of law, the Director of Finance may augment this item with additional federal funds in conjunction with an equivalent offsetting reduction in State Highway Account funds in Item 2660-001-0042, pursuant to Provision 3 of that item or Public Transporta-	

Item	Amount
tion Account funds in Item 2660-001-0046, pursuant to Provision 2 of that item.	
2660-002-0042—For support of Department of Transportation for the Information Technology Systems Enterprise Integration Strategy, payable from the State Highway Account, State Transportation Fund .....	2,376,000
Provisions:	
1. Of the amount available in this item, \$2,160,000 shall be available for expenditure through June 30, 2003, for a consultant contract to develop an information technology enterprise integration plan.	
2. Of the amount available in this item, \$216,000 shall be available for expenditure through June 30, 2003, for an interagency agreement with Department of Information Technology for a consultant to perform independent analysis and report monthly on the progress of the information technology enterprise plan.	
3. It is the Legislature’s intent to provide funding for information technology projects supporting (1) departmentwide financial management, (2) local project management, (3) land management, and (4) construction contract payment management upon completion of the information technology enterprise integration plan. The Department of Finance estimates that the total funding need for information technology projects supporting these key business functions is \$75 million through June 30, 2005.	
2660-002-0608—For support of Department of Transportation, payable from the Equipment Service Fund...	67,947,000
Provisions:	
1. Notwithstanding any other provision of law, funds appropriated in this item may be increased in accordance with Provision 5 of Item 2660-001-0042.	
2660-005-0042—For support of Department of Transportation, for building insurance, debt service, and other financing related costs for department-owned office buildings, payable from the State Highway Account, State Transportation Fund .....	14,620,000
Provisions:	
1. Notwithstanding any other provision of law, funds provided in Item 2660-001-0042 may be transferred to this item to pay for any necessary insur-	

Item	Amount
<p>ance, debt service, and other financing related costs for department-owned office buildings. Any transfer shall require the prior approval of the Department of Finance.</p> <p>2. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.</p>	
<p>2660-007-0042—For support of Department of Transportation, payable from the State Highway Account, State Transportation Fund .....</p>	87,013,000
<p>Schedule:</p> <p>(1) 20.10-Highway Transportation—  Capital Outlay Support..... 53,044,000</p> <p>(2) 20.65-Highway Transportation—  Legal ..... 643,000</p> <p>(3) 20.70-Highway Transportation—  Operations ..... 898,000</p> <p>(4) 20.80-Highway Transportation—  Maintenance..... 32,410,000</p> <p>(5) 50-Administration ..... 18,000</p>	
<p>Provisions:</p> <p>1. The funds appropriated in this item may be expended only to attain compliance with (1) the stormwater discharge provisions of the National Pollutant Discharge Elimination System permits as promulgated by the State Water Resources Control Board or regional water quality control boards, (2) the Statewide Storm Water Management Plan, or (3) as required by court order.</p> <p>2. The funds appropriated in this item may be transferred between schedules. Any transfer will require the prior approval of the Department of Finance.</p>	
<p>2660-011-0041—For transfer by the Controller from the Aeronautics Account, State Transportation Fund, to the Public Transportation Account, State Transportation Fund, as prescribed by Section 21682.5 of the Public Utilities Code.....</p>	(30,000)
<p>2660-011-0046—For transfer by the Controller, upon order of the Director of Finance, from the Public Transportation Account, State Transportation Fund, to the Traffic Congestion Relief Fund .....</p>	(94,900,000)

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2660-011-0056—For transfer by the Controller from the Seismic Safety Retrofit Account, State Transportation Fund, to the State Highway Account, State Transportation Fund.....	(13,048,000)
2660-011-0183—For transfer by the Controller from the Environmental Enhancement and Mitigation Demonstration Program Fund to the State Highway Account, State Transportation Fund.....	(10,185,000)
2660-011-3007—For transfer by the Controller, upon order of the Director of Finance, from the Traffic Congestion Relief Fund to the General Fund .....	(1,045,000,000)
Provisions:	
1. The transfer made by this item is a loan to the General Fund. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan.	
2660-012-0041—For transfer by the Controller from the Aeronautics Account, State Transportation Fund, to the General Fund.....	(6,000,000)
2660-012-0042—For augmentation for emergencies relating to a state of emergency declared by the Governor, subject to all provisions of Item 9840-001-0001, payable from the State Highway Account .....	(40,000,000)
Provisions:	
1. No deficiencies shall be authorized by the Director of Finance in any appropriation of money from this item under the provisions of Section 11006 of the Government Code. Required notification to the Legislature of deficiency appropriations pursuant to this item shall include, in addition to all other required information, (a) an estimate of federal funds or other funds that the department may receive for the same purposes as the proposed deficiency appropriation, and (b) explanation of the necessity of the proposed deficiency appropriation given anticipated federal funds or other funds.	
2. Funds appropriated in this item may be used for support, local assistance or capital outlay expenditures.	
2660-013-0042—For transfer by the Controller, upon order of the Director of Finance, from the State Highway Account, State Transportation Fund, to the Traffic Congestion Relief Fund.....	(474,000,000)

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Provisions:	
1. The transfer made by this item is a loan to the Traffic Congestion Relief Fund. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan.	
2. The amount to be transferred to the Traffic Congestion Relief Fund is limited to an amount needed for cashflow purposes, up to the amount specified in this item.	
2660-015-0042—For transfer by the Controller from the State Highway Account, State Transportation Fund, to the General Fund.....	(14,445,000)
2660-021-0042—For transfer by the Controller from the State Highway Account, State Transportation Fund, to the Public Transportation Account, State Transportation Fund, as prescribed by Section 194 of the Streets and Highways Code .....	(26,090,000)
2660-022-0042—For transfer by the Controller from the State Highway Account, State Transportation Fund, to the Environmental Enhancement and Mitigation Demonstration Program Fund, as prescribed by Section 164.56 of the Streets and Highways Code .....	(10,000,000)
2660-031-0042—For transfer by the Controller from the State Highway Account, State Transportation Fund, to the Equipment Service Fund for the purchase of new mobile fleet equipment .....	15,901,000
2660-031-0608—For transfer by the Controller from the Equipment Service Fund to the State Highway Account, State Transportation Fund .....	0
Provisions:	
1. Any portion of the \$5,494,000 transferred to the Equipment Service Fund from the State Highway Account, State Transportation Fund by Item 2660-031-0042 for diesel engine retrofit and staff overtime that is unexpended for the approved emission reduction purposes at the end of the 2002–03 fiscal year shall be transferred back to the State Highway Account.	
2660-101-0042—For local assistance, Department of Transportation, State Transportation Improvement Program (STIP), payable from the State Highway Account, State Transportation Fund.....	89,356,000
Schedule:	
(1) 20.30-Highway Transportation—	
Local Assistance .....	71,237,000

Item	Amount
(a) Regional Improve- ments .....	(67,595,000)
(b) Interregional Im- provements .....	(3,642,000)
(2) 30-Mass Transportation .....	18,119,000
Provisions:	
1. Funds appropriated in this item shall be available for allocation by the California Transportation Commission through fiscal year 2004–05 and available for encumbrance and liquidation through June 30, 2008.	
2. Notwithstanding other provisions of law, funds appropriated in this item may be transferred intra- schedule or to Item 2660-301-0042 or 2660-102- 0042. These transfers shall require the prior ap- proval of the Department of Finance and the California Transportation Commission.	
3. Notwithstanding any other provision of law, funds appropriated in this item may be supplemented with federal funding appropriation authority and with prior year State Highway Account appropria- tion balances at a level determined by the depart- ment as required to process claims utilizing feder- al advance construction through the plan of financial adjustment process under Sections 11251 and 16365 of the Government Code.	
2660-101-0045—For local assistance, Department of Transportation, Program 20—Highway Transporta- tion, payable from the Bicycle Transportation Ac- count, State Transportation Fund .....	7,190,000
2660-101-0183—For local assistance, Department of Transportation, Program 20—Highway Transporta- tion, payable from the Environmental Enhancement and Mitigation Demonstration Program Fund .....	11,800,000
2660-101-0890—For local assistance, Department of Transportation, State Transportation Improvement Program (STIP), payable from the Federal Trust Fund.....	164,580,000
Schedule:	
(1) 20-Highway Transportation.....	164,580,000
(a) Regional Improve- ments .....	(142,222,000)
(b) Interregional Im- provements .....	(22,358,000)
Provisions:	
1. For Program 20—Highway Transportation. For purposes of the Streets and Highways Code, all	

Item	Amount
<p>expenditures from this item shall be deemed to be expenditures from the State Highway Account, State Transportation Fund.</p> <p>2. For Program 20—Highway Transportation. Federal funds may be received from any federal source and shall be deposited in the Federal Trust Fund. Any federal reimbursements shall be credited to the account from which the expenditures were originally made.</p> <p>3. Notwithstanding other provisions of law, funds appropriated in this item may be transferred intra-schedule or to Item 2660-301-0890 or 2660-102-0890. These transfers shall require the prior approval of the Department of Finance and the California Transportation Commission. These funds shall be available for allocation by the California Transportation Commission through fiscal year 2004–05.</p>	
<p>2660-102-0042—For local assistance, Department of Transportation, Non-State Transportation Improvement Program (STIP), payable from the State Highway Account, State Transportation Fund.....</p>	120,669,000
Schedule:	
<p>(1) 20.30-Highway Transportation.....</p> <p style="padding-left: 20px;">(a) Regional Surface Transportation Program Exchange ..</p> <p style="padding-left: 20px;">(b) Local Assistance..</p> <p>(2) 40-Transportation Planning .....</p>	<p>110,669,000</p> <p style="padding-left: 20px;">(46,000,000)</p> <p style="padding-left: 20px;">(64,669,000)</p> <p>10,000,000</p>
Provisions:	
<p>1. Funds appropriated in this item shall be available for allocation by the California Transportation Commission through fiscal year 2004–05 and available for encumbrance and liquidation through June 30, 2008.</p> <p>2. Notwithstanding other provisions of law, funds appropriated in this item may be transferred intra-schedule or to Item 2660-301-0042 or Item 2660-101-0042. These transfers shall require the prior approval of the Department of Finance and the California Transportation Commission.</p>	
<p>2660-102-0890—For local assistance, Department of Transportation, Non-State Transportation Improvement Program (STIP), payable from the Federal Trust Fund.....</p>	1,026,000,000



Item	Amount
Schedule:	
(1) 20-Highway Transportation .....	966,000,000
(2) 30-Mass Transportation .....	18,000,000
(3) 40-Transportation Planning .....	42,000,000
Provisions:	
1. Notwithstanding other provisions of law, funds appropriated in this item may be transferred intra-schedule or to Item 2660-101-0890 or 2660-301-0890. These transfers shall require the prior approval of the Department of Finance and the California Transportation Commission. Funds appropriated in Schedule (1) and (2) shall be available for allocation by the California Transportation Commission through fiscal year 2004–05.	
2. For Program 20—Highway Transportation. For purposes of the Streets and Highways Code, all expenditures from this item shall be deemed to be expenditures from the State Highway Account, State Transportation Fund.	
3. For Program 20—Highway Transportation. Federal funds may be received from any federal source and shall be deposited in the Federal Trust Fund. Any federal reimbursements shall be credited to the account from which the expenditures were originally made.	
2660-105-0046—For local assistance, Department of Transportation, payable from the Public Transportation Account, State Transportation Fund, for water transit operations managed through the Metropolitan Transportation Commission.....	2,821,000
Schedule:	
(1) 30-Mass Transportation .....	2,821,000
2660-115-0890—For transfer, upon order of the Director of Finance, from the Federal Trust Fund to the Local Transportation Loan Account, State Transportation Fund .....	3,000,000
2660-295-0042—For local assistance, Department of Transportation, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the Controller.....	555,000
Schedule:	
(1) 98.01.108—Seismic Safety Retrofits (Ch. 1082, Stats. 1990) .....	553,000

Item	Amount
(2) 98.01.064—Airport Land Use Commissions/Plans (Ch. 644, Stats. 1994) .....	2,000
(3) 98.01.129—Two-way Traffic Signal Communication (Ch. 1297, Stats. 1994) .....	0
Provisions:	
1. Except as provided in Provision 2 of this item, allocations of funds provided in this item to the appropriate local entities shall be made by the Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated in this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.	
2. If any of the scheduled amounts are insufficient to provide full reimbursement of costs, the Controller may, upon notifying the Director of Finance in writing, augment those deficient amounts from the unencumbered balance of any other scheduled amounts therein. No order may be issued pursuant to this provision unless written notification of the necessity therefor is provided to the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee or his or her designee.	
3. Pursuant to Section 17581 of the Government Code, mandates identified in the appropriation schedule of this item with an appropriation of \$0 and included in the language of this provision are specifically identified by the Legislature for suspension during the 2002–03 fiscal year:	
(3) Two-way Traffic Signal Communication (Ch. 1297, Stats. 94)	
2660-301-0042—For capital outlay, Department of Transportation, State Transportation Improvement Program (STIP), payable from the State Highway Account, State Transportation Fund.....	362,105,000

Item Amount

Schedule:

- (1) 20-Highway Transportation.....337,896,000
  - (a) Regional Improve-  
ments ..... (286,584,000)
  - (b) Interregional Im-  
provements ..... (51,312,000)
- (2) 30-Mass Transportation ..... 24,209,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission through fiscal year 2004–05 and available for encumbrance and liquidation through June 30, 2008.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred intraschedule or to Item 2660-101-0042 or 2660-302-0042. These transfers shall require the prior approval of the Department of Finance and the California Transportation Commission.
3. Notwithstanding any other provision of law, funds appropriated in this item may be supplemented with federal funding appropriation authority and with prior year State Highway Account appropriation balances at a level determined by the department as required to process claims utilizing federal advance construction through the plan of financial adjustment process under Sections 11251 and 16365 of the Government Code.

2660-301-0890—For capital outlay, Department of Transportation, State Transportation Improvement Program (STIP), payable from the Federal Trust Fund ..... 843,177,000

Schedule:

- (1) 20-Highway Transportation.....843,177,000
  - (a) Regional Improve-  
ments .....(637,249,000)
  - (b) Interregional Im-  
provements .....(205,928,000)

Provisions:

1. Notwithstanding any other provision of law, amounts scheduled in this item may be transferred intraschedule or to Item 2660-101-0890 or 2660-302-0890. These transfers shall require the prior approval of the Department of Finance and the California Transportation Commission. These funds shall be available for allocation by the California Transportation Commission through fiscal year 2004–05.

Item	Amount
2. For Program 20—Highway Transportation. For purposes of the Streets and Highways Code, all expenditures from this item shall be deemed to be expenditures from the State Highway Account, State Transportation Fund.	
3. For Program 20—Highway Transportation. Federal funds may be received from any federal source and shall be deposited in the Federal Trust Fund. Any federal reimbursements shall be credited to the account from which the expenditures were originally made.	
2660-302-0042—For capital outlay, Department of Transportation, Non-State Transportation Improvement Program (STIP), payable from the State Highway Account, State Transportation Fund.....	413,873,000
Schedule:	
(1) 20-Highway Transportation.....	660,859,000
(a) State Highway Operation and Protection Program .....	(660,859,000)
(2) Reimbursements .....	-246,986,000
Provisions:	
1. These funds shall be available for allocation by the California Transportation Commission through fiscal year 2004–05 and available for encumbrance and liquidation through June 30, 2008.	
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-102-0042 or 2660-301-0042. These transfers shall require the prior approval of the Department of Finance and the California Transportation Commission.	
2660-302-0046—For capital outlay, Department of Transportation, payable from the Public Transportation Account, State Transportation Fund.....	0
Schedule:	
(1) 30-Mass Transportation .....	25,000,000
(2) Reimbursements .....	-25,000,000
2660-302-0890—For capital outlay, Department of Transportation, Non-State Transportation Improvement Program (STIP), payable from the Federal Trust Fund.....	821,586,000
Schedule:	
(1) 20-Highway Transportation.....	821,586,000
(a) State Highway Operation and Transportation Program .....	(821,586,000)

Item		Amount
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Provisions:

1. Notwithstanding any other provision of law, amounts scheduled in this item may be transferred to Item 2660-102-0890 or 2660-301-0890. These transfers shall require the prior approval of the Department of Finance and the California Transportation Commission. These funds shall be available for allocation by the California Transportation Commission through fiscal year 2004–05.
2. For Program 20—Highway Transportation. For purposes of the Streets and Highways Code, all expenditures from this item shall be deemed to be expenditures from the State Highway Account, State Transportation Fund.
3. For Program 20—Highway Transportation. Federal funds may be received from any federal source and shall be deposited in the Federal Trust Fund. Any federal reimbursements shall be credited to the account from which the expenditures were originally made.

2660-311-0042—	For capital outlay, Department of Transportation, payable from the State Highway Account, State Transportation Fund .....	14,401,000
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Schedule:

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|-----|--|-------------|
| (1) | 20-Highway Transportation.....   | 14,401,000  |
|     | (a) 20.20.500-State-wide: Studies, pre-planning and budget packages .....                    | (630,000)   |
|     | (b) 20.20.515-Marysville Office Building: Replacement—Acquisition and preliminary plans..... | (2,264,000) |
|     | (c) 20.20.512-Redding District Office Building: Seismic Retrofit—Construction.....           | (2,568,000) |
|     | (d) 20.20.513-Sacramento Headquarters Office Building—Construction.....                      | (8,939,000) |

Item		Amount
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Provisions:

1. For Program 20—Highway Transportation. Up to 20 percent of the funds appropriated in this item may be transferred from Item 2660-301-0042 of this act to enable the California Transportation Commission to allocate supplemental funds to projects within this item. The transfer may be made only with the approval of the commission and the Department of Finance. The Department of Finance shall be notified of the transfer prior to the commission’s approval of any transfer or allocation of those funds to any project.
2. Notwithstanding any other provisions of law, the project identified in Schedule (1)(b) of this item shall be subject to administrative oversight by the State Public Works Board.
3. The project identified in Schedule (1)(b) of this item is authorized to utilize the design-build delivery method pursuant to Section 14661 of the Government Code.
4. Of the amount appropriated in Schedule 1 of this item, \$600,000 shall be available for a Sacramento headquarters master plan study.

2660-311-0660—For capital outlay, Department of Transportation, payable from the Public Building Construction Fund .....		72,599,000
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(1) 20.20.510-San Diego Office Building: Replacement—Construction....		72,599,000
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Provisions:

1. The State Public Works Board may issue lease-revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance the construction of the project authorized by this item.
2. The State Public Works Board and the Department of Transportation may obtain interim financing for the project costs authorized in this item from any appropriate source including, but not limited to, the Pooled Money Investment Account pursuant to Sections 16312 and 16313 of the Government Code.
3. The maximum amounts of bonds, notes, or bond anticipation notes to be sold shall not exceed the cost of construction and any additional amounts necessary to pay interim and permanent financing costs.

Item	Amount
4. This department is authorized and directed to execute and deliver any and all leases, contracts, agreements or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the scheduled projects.	
5. The State Public Works Board shall not itself be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (commencing with Section 21000 of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (commencing with Section 15800 of the Government Code). This section does not exempt this department from the requirements of the California Environmental Quality Act. This section is intended to be declarative of existing law.	
2660-399-0042—For the Department of Transportation, for final cost accounting of projects for which appropriations have expired, for state operations, local assistance, or capital outlay, payable from the State Highway Account, State Transportation Fund. Funds appropriated in this item shall be available for expenditure until June 30, 2003.....	5,000,000
2660-399-0890—For the Department of Transportation, for state operations, local assistance, or capital outlay, payable from the Federal Trust Fund .....	202,660,000
Provisions:	
1. \$31,000,000 is available for Corridor Improvement and Formula Section 163 grants.	
2. \$171,660,000 is available for local assistance.	
2660-490—Reappropriation, Department of Transportation. Notwithstanding any other provision of law, the balance as of June 30, 2002, of the appropriations in the following citations are appropriated for the purposes provided for all those appropriations. This appropriation shall be available as stated:	
0042—State Highway Account—Available for allocation until June 30, 2004, and available for encumbrance and liquidation until June 30, 2007.	
(1) Item 2660-101-0042, Budget Act of 2001 (Ch. 106, Stats. 2001)	
(a) 20.30-Highway Transportation—Local Assistance.....	148,621,130
(b) 30-Mass Transportation .....	102,275,520

Item	Amount
(2) Item 2660-301-0042, Budget Act of 2001 (Ch. 106, Stats. 2001)	
(a) 20-Highway Transportation.....	809,609,314
(b) 30-Mass Transportation .....	41,850,940
0042—State Highway Account—Available for allocation until June 30, 2004, and available for encumbrance and liquidation until June 30, 2006.	
(1) Item 2660-101-0042, Budget Act of 2000 (Ch. 52, Stats. 2000)	
(a) 20.30-Highway Transportation—Local Assistance.....	100,263,193
(b) 30-Mass Transportation .....	38,673,718
(2) Item 2660-301-0042, Budget Act of 2000 (Ch. 52, Stats. 2000)	
(a) 20-Highway Transportation.....	175,519,413
(b) 30-Mass Transportation .....	17,642,525
0042—State Highway Account—Available for allocation until June 30, 2003, and available for encumbrance and liquidation until June 30, 2005.	
(1) Item 2660-101-0042, Budget Act of 1999 (Ch. 50, Stats. 1999)	
(a) 20.30-State Highway Transportation—Local Assistance.....	82,805,103
(b) 30-Mass Transportation .....	2,082,320
(2) Item 2660-301-0042, Budget Act of 2001 (Ch. 50, Stats. 1999)	
(a) 20-Highway Transportation.....	66,339,023
(b) 30-Mass Transportation .....	17,626,825
0042—State Highway Account—Available for encumbrance and liquidation until June 30, 2004.	
(1) Item 2660-101-0042, Budget Act of 1998 (Ch. 324, Stats. 1998)	
(a) 20.25-Highway Transportation—State Local Partnership ..	13,041,721
0890—Federal Trust Fund—Available for encumbrance and liquidation until June 30, 2003.	
(1) Item 2660-399-0890, Budget Act of 2001 (Ch. 106, Stats. 2001). Up to \$15,000,000 of the unencumbered funds originally intended for the Planning Program are reappropriated for expenditure by local programs.	
2660-491—Reappropriation, Department of Transportation. Notwithstanding any other provision of law, the unliquidated encumbrances for the appropriations provided in the following citations, are reappropri-	



Item	Amount
ated until June 30, 2003. The unencumbered balance shall not be available for encumbrance.	
0001—General Fund	
(1) Item 2660-101-0001, Budget Act of 1999 (Ch. 50, Stats. 1999)	
(2) Item 2660-104-0001, Budget Act of 1999 (Ch. 50, Stats. 1999)	
(3) Item 2660-101-0001, Schedule (a)(2), Budget Act of 2000 (Ch. 52, Stats. 2000). \$1,500,000 of the balance of the amount appropriated in Schedule (a) of this item is reappropriated for the purpose of the development of a child care facility near the Alum Rock Light Rail Station and Transit Center.	
0042—State Highway Account	
(1) Item 2660-301-042, Budget Act of 1989 (Ch. 93, Stats. 1989)	
(2) Item 2660-101-042, Budget Act of 1990 (Ch. 467, Stats. 1990)	
(3) Item 2660-301-042, Budget Act of 1990 (Ch. 467, Stats. 1990)	
(4) Item 2660-325-042, Budget Act of 1990 (Ch. 467, Stats. 1990)	
(5) Item 2660-101-042, Budget Act of 1991 (Ch. 118, Stats. 1991)	
(6) Item 2660-125-042, Budget Act of 1992 (Ch. 587, Stats. 1992)	
(7) Item 2660-125-042, Budget Act of 1993 (Ch. 55, Stats. 1993)	
(8) Item 2660-301-042, Budget Act of 1993 (Ch. 55, Stats. 1993)	
(9) Item 2660-325-042, Budget Act of 1993 (Ch. 55, Stats. 1993)	
(10) Item 2660-125-042, Budget Act of 1994 (Ch. 139, Stats. 1994)	
(11) Item 2660-325-042, Budget Act of 1994 (Ch. 139, Stats. 1994)	
(12) Item 2660-125-042, Budget Act of 1995 (Ch. 303, Stats. 1995)	
(13) Item 2660-101-0042, Budget Act of 1995 (Ch. 303, Stats. 1995)	
(14) Item 2660-325-042, Budget Act of 1995 (Ch. 303, Stats. 1995)	
(15) Item 2660-101-0042, Budget Act of 1996 (Ch. 162, Stats. 1996)	

Item	Amount
(16) Item 2660-125-0042, Budget Act of 1996 (Ch. 162, Stats. 1996)	
(17) Item 2660-325-0042, Budget Act of 1996 (Ch. 162, Stats. 1996)	
(18) Item 2660-101-0042, Budget Act of 1997 (Ch. 282, Stats. 1997)	
(19) Item 2660-301-0042, Budget Act of 1997 (Ch. 282, Stats. 1997)	
0045—Bicycle Transportation Account	
(1) Item 2660-101-0045, Budget Act of 1996 (Ch. 162, Stats. 1996)	
(2) Item 2660-101-0045, Budget Act of 1997 (Ch. 282, Stats. 1997)	
(3) Item 2660-101-0045, Budget Act of 1998 (Ch. 324, Stats. 1998)	
(4) Item 2660-101-0045, Budget Act of 1999 (Ch. 50, Stats. 1999)	
0046—Public Transportation Account	
(1) Item 2660-101-046, Budget Act of 1989 (Ch. 93, Stats. 1989)	
(2) Item 2660-101-046, Budget Act of 1991 (Ch. 118, Stats. 1991)	
(3) Item 2660-125-046, Budget Act of 1992 (Ch. 587, Stats. 1992)	
(4) Item 2660-302-046, Budget Act of 1992 (Ch. 587, Stats. 1992)	
(5) Item 2660-125-046, Budget Act of 1993 (Ch. 55, Stats. 1993)	
(6) Item 2660-302-046, Budget Act of 1993 (Ch. 55, Stats. 1993)	
(7) Item 2660-101-046, Budget Act of 1994 (Ch. 139, Stats. 1994)	
(8) Item 2660-125-046, Budget Act of 1994 (Ch. 139, Stats. 1994)	
(9) Item 2660-302-046, Budget Act of 1994 (Ch. 139, Stats. 1994)	
(10) Item 2660-302-0046, Budget Act of 1995 (Ch. 303, Stats. 1995)	
(11) Item 2660-302-0046, Budget Act of 1996 (Ch. 162, Stats. 1996)	
(12) Item 2660-302-0046, Budget Act of 1997 (Ch. 282, Stats. 1997)	
0056—Seismic Safety Retrofit Account	
(1) Chapter 18, Statutes of 1989	
(2) Item 2660-325-056, Budget Act of 1994 (Ch. 139, Stats. 1994)	

Item	Amount
(3) Item 2660-101-0183, Budget Act of 1998 (Ch. 324, Stats. 1998), reappropriated by Item 2660-491, Budget Act of 2001 (Ch. 106, Stats. 2001). The balance of the amount appropriated from the Environmental Enhancement and Mitigation Demonstration Program Fund from the Department of Transportation to the City of Porterville shall be reappropriated to accommodate project delays due to the time necessary to purchase five parcels of land, plus railroad right-of-way, and to complete the necessary environmental assessments to include special provisions needed to protect the longhorn elderberry beetles.	
0853—Petroleum Violation Escrow Account	
(1) Chapter 186, Statutes of 1986	
(2) Chapter 1427, Statutes of 1988	
(3) Chapter 1434, Statutes of 1988	
(4) Chapter 1648, Statutes of 1990	
(5) Chapter 960, Statutes of 1991	
(6) Item 2660-101-853, Budget Act of 1992 (Ch. 587, Stats. 1992)	
(7) Chapter 1159, Statutes of 1993	
(8) Chapter 980, Statutes of 1995	
0890—Federal Trust Fund	
(1) Item 2660-101-890, Budget Act of 1990 (Ch. 467, Stats. 1990)	
(2) Item 2660-101-890, Budget Act of 1992 (Ch. 587, Stats. 1992)	
(3) Item 2660-301-890, Program 30, Budget Act of 1992 (Ch. 587, Stats. 1992)	
(4) Item 2660-101-890, Budget Act of 1993 (Ch. 55, Stats. 1993)	
(5) Item 2660-101-890, Budget Act of 1994 (Ch. 139, Stats. 1994)	
(6) Item 2660-301-890, Budget Act of 1989 (Ch. 93, Stats. 1989)	
(7) Item 2660-301-890, Budget Act of 1990 (Ch. 467, Stats. 1990)	
(8) Item 2660-301-890, Budget Act of 1993 (Ch. 55, Stats. 1993)	
(9) Item 2660-301-0890, Budget Act of 1995 (Ch. 303, Stats. 1995)	
2660-492—Reappropriation, Department of Transportation. Notwithstanding any other provision of law, the balance of the funds for the appropriations provided in the following citation is reappropriated for expenditure until June 30, 2003.	

Item	Amount
0042—State Highway Account, State Transportation Fund.	
(1) Item 2660-001-0042, Budget Act of 2001 (Ch. 106, Stats. 2001), 50.00-Administration. \$600,000 shall be available for consulting services to develop dynamic budgeting planning models.	
(2) Item 2660-001-0042, Budget Act of 2001 (Ch. 106, Stats. 2001) 20.01—Highway Transportation-Capital Outlay Support. \$7,057,000 shall be available for the Project Resourcing and Schedule Management Project.	
2660-493—Reappropriation, Department of Transportation. Notwithstanding any other provision of law, the appropriations in the following citations are reappropriated to enable the collection of outstanding federal reimbursements as of the end of June 30, 2002. These appropriations are not available for encumbrance or liquidation and shall revert on June 30, 2003:	
0890—Federal Trust Fund	
(1) Item 2660-001-890, Budget Act of 1987 (Ch. 135, Stats. 1987)	
(2) Item 2660-001-890, Budget Act of 1988 (Ch. 313, Stats. 1988)	
(3) Item 2660-001-890, Budget Act of 1989 (Ch. 93, Stats. 1989)	
(4) Item 2660-001-890, Budget Act of 1990 (Ch. 467, Stats. 1990)	
(5) Item 2660-001-890, Budget Act of 1991 (Ch. 118, Stats. 1991)	
(6) Item 2660-001-890, Budget Act of 1992 (Ch. 587, Stats. 1992)	
(7) Item 2660-001-890, Budget Act of 1993 (Ch. 55, Stats. 1993)	
(8) Item 2660-001-890, Budget Act of 1994 (Ch. 139, Stats. 1994)	
(9) Item 2660-001-890, Budget Act of 1995 (Ch. 303, Stats. 1995)	
(10) Item 2660-301-890, Budget Act of 1992 (Ch. 587, Stats. 1992)	
(11) Item 2660-001-890, Budget Act of 1996 (Ch. 162, Stats. 1996)	
(12) Item 2660-001-0890, Budget Act of 1997 (Ch. 282, Stats. 1997)	

Item	Amount
2660-494—Reappropriation—Department of Transportation. Notwithstanding any other provision of law, the balance of the appropriation provided in the following citation is reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for in the appropriation. 0042—State Highway Account Item 2660-311-0042, Budget Act of 2001 (Ch. 106, Stats. 2001)	
(2) 20.20.511-Eureka Office Building: Seismic Retrofit—Construction	
2660-496—Reversion, Department of Transportation, as of June 30, 2002, the following appropriation amounts in the following citation shall revert to the fund from which the appropriation was made. 0042—State Highway Account	
(1) Item 2660-101-0042, Budget Act of 1998 (Ch. 324, Stats. 1998)	
(a) 20.25-Highway Transportation—State Local Partnership ..	88,937,000
(2) Item 2660-101-0042, Budget Act of 1999 (Ch. 50, Stats. 1999)	
(a) 20.30-Highway Transportation—Local Assistance .....	65,720,000
(3) Item 2660-301-0042, Budget Act of 1999 (Ch. 50, Stats. 1999)	
(b) 30-Mass Transportation .....	9,613,000
(4) Item 2660-101-0042, Budget Act of 2000 (Ch. 52, Stats. 2000)	
(a) 20.30-Highway Transportation—Local Assistance .....	58,464,000
(b) 30-Mass Transportation .....	10,493,000
2665-001-0042—For support of High-Speed Rail Authority, payable from the funds available within the State Highway Account, State Transportation Fund which are unrestricted by Article XIX of the California Constitution .....	5,750,000
2665-001-0046—For support of High-Speed Rail Authority, payable from the Public Transportation Account, State Transportation Fund .....	800,000
Schedule:	
(1) 10-High-Speed Rail Authority .....	1,298,000
(2) Reimbursements .....	-498,000
2700-001-0044—For support of Office of Traffic Safety, payable from the Motor Vehicle Account, State Transportation Fund .....	365,000

Item	Amount
Schedule:	
(1) 10-California Traffic Safety .....	58,180,000
(2) Amount payable from the Federal Trust Fund (Item 2700-001-0890).....	-57,815,000
2700-001-0890—For support of Office of Traffic Safety, for payment to Item 2700-001-0044, payable from the Federal Trust Fund, not subject to the provisions of Section 28.00 .....	57,815,000
2700-101-0890—For local assistance, Office of Traffic Safety, payable from the Federal Trust Fund, not subject to the provisions of Section 28.00 .....	26,384,000
2720-001-0042—For support of Department of the California Highway Patrol, for payment to Item 2720-001-0044, payable from the State Highway Account, State Transportation Fund .....	27,238,000
2720-001-0044—For support of Department of the California Highway Patrol, payable from the Motor Vehicle Account, State Transportation Fund.....	1,086,479,000
Schedule:	
(1) 10-Traffic Management.....	1,033,406,000
(2) 20-Regulation and Inspection .....	133,036,000
(3) 30-Vehicle Ownership Security .....	28,803,000
(4) 40.01-Administration.....	137,315,000
(5) 40.02-Distributed Administration .....	-137,315,000
(6) Reimbursements.....	-63,309,000
(7) Amount payable from the State Highway Account (Item 2720-001-0042).....	-27,238,000
(8) Amount payable from the Motor Carrier Permit Fund (Item 2720-001-0292) .....	-1,738,000
(9) Amount payable from the Motor Carrier Safety Improvement Fund (Item 2720-001-0293) .....	-1,135,000
(10) Amount payable from the California Motorcyclist Safety Fund (Item 2720-001-0840) .....	-1,157,000
(11) Amount payable from the Federal Trust Fund (Item 2720-001-0890).....	-11,987,000
(12) Amount payable from the Hazardous Substance Account, Special Deposit Fund (Item 2720-001-0942).....	-200,000

Item	Amount
(13) Amount payable from the Asset Forfeiture Account, Special Deposit Fund (Item 2720-011-0942).....	-2,002,000
Provisions:	
1. Of the funds appropriated in this item, the amount of \$32,500,000 is allocated for security tactical alerts. If the amount used for tactical alerts is less than \$32,500,000, the remainder of that sum shall revert to the Motor Vehicle Account.	
2720-001-0292—For support of Department of the California Highway Patrol, for payment to Item 2720-001-0044, payable from the Motor Carrier Permit Fund .....	1,738,000
2720-001-0293—For support of Department of the California Highway Patrol, for payment to Item 2720-001-0044, payable from the Motor Carrier Safety Improvement Fund .....	1,135,000
2720-001-0840—For support of Department of the California Highway Patrol, for payment to Item 2720-001-0044, payable from the California Motorcyclist Safety Fund.....	1,157,000
2720-001-0890—For support of Department of the California Highway Patrol, for payment to Item 2720-001-0044, payable from the Federal Trust Fund.....	11,987,000
2720-001-0942—For support of Department of the California Highway Patrol, for payment to Item 2720-001-0044, payable from the Hazardous Substance Account, Special Deposit Fund .....	200,000
2720-003-0044—For support of Department of the California Highway Patrol for rental payments on lease-revenue bonds, payable from Motor Vehicle Account, State Transportation Fund .....	973,000
Schedule:	
(1) Base Rental and Fees .....	967,000
(2) Insurance .....	6,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
2720-011-0890—For transfer upon the order of the Director of Finance, from Federal Trust Fund to the Motor Vehicle Account .....	93,384,000

Item	Amount
Provisions:	
1. Funds provided in this item are for additional security activities. Notwithstanding Section 28.00 of this act, any additional funds received from the federal government for this purpose for previously budgeted expenditures that have not already been included in this item may be transferred to the Motor Vehicle Account.	
2720-011-0942—For support of Department of the California Highway Patrol, for payment to Item 2720-001-0044, payable from the Asset Forfeiture Account, Special Deposit Fund .....	2,002,000
2720-012-0246—For transfer by the Controller, upon order of the Director of Finance, from the Protective Services Fund to the Motor Vehicle Account any amounts on deposit in the Protective Services Fund as of the date of transfer .....	(1,406,000)
2720-012-0903—For transfer by the Controller from the State Penalty Fund to the California Motorcyclist Safety Fund.....	(250,000)
2720-021-0044—For Department of the California Highway Patrol, for advance authority for the department to incur automotive equipment purchase obligations in an amount not to exceed \$5,000,000 during the 2002–03 fiscal year, for delivery beginning in the 2003–04 fiscal year, payable from the Motor Vehicle Account, State Transportation Fund.....	(5,000,000)
2720-101-0974—For local assistance, Department of California Highway Patrol, payable from the Peace Officer Memorial Foundation Fund .....	400,000
2720-301-0044—For capital outlay, Department of the California Highway Patrol, payable from the Motor Vehicle Account, State Transportation Fund.....	9,194,000
Schedule:	
(2) 50.21.207-South Lake Tahoe: Replacement Facility—Construction .	3,475,000
(3) 50.73.703-Monterey: Replacement Facility—Construction .....	5,659,000
(4) 50.90.901-Statewide: Studies, pre-planning, budget packages, and options .....	60,000
2720-490—Reappropriation, Department of the California Highway Patrol. Notwithstanding any other provision of law, the balance of the appropriation provided in the following citation is reappropriated for	



Item	Amount
the purposes and subject to the limitations, unless otherwise specified, provided for the appropriation: 0042—State Highway Account, State Transportation Fund	
Item 2720-301-0042, Budget Act of 1999 (Ch. 50, Stats. of 1999)	
(1) 50.56.506-Los Angeles Regional Transportation Management Center—Equipment.	
0044—Motor Vehicle Account, State Transportation Fund	
Item 2720-301-0044, Budget Act of 2001 (Ch. 106, Stats. 2001)	
(1) 50.16.106-Williams: Replacement Facility—Working drawings	
2740-001-0001—For support of Department of Motor Vehicles, for payment to Item 2740-001-0044 .....	1,599,000
Provisions:	
1. Of the amount appropriated in this item, \$60,000 is for the Anatomical Donor Designation Program.	
2740-001-0042—For support of Department of Motor Vehicles, for payment to Item 2740-001-0044, payable from the State Highway Account, State Transportation Fund.....	40,314,000
2740-001-0044—For support of Department of Motor Vehicles, payable from the Motor Vehicle Account, State Transportation Fund .....	346,003,000
Schedule:	
(1) 11-Vehicle/Vessel Identification and Compliance.....	377,610,000
(2) 22-Driver Licensing and Personal Identification .....	169,749,000
(3) 25-Driver Safety .....	86,176,000
(4) 32-Occupational Licensing and Investigative Services.....	36,145,000
(5) 35-New Motor Vehicle Board.....	1,656,000
(6) 41.01-Administration.....	80,090,000
(7) 41.02-Distributed Administration .....	-80,090,000
(8) Reimbursements.....	-11,758,000
(9) Amount payable from the General Fund (Item 2740-001-0001).....	-1,599,000
(10) Amount payable from the State Highway Account, State Transportation Fund (Item 2740-001-0042).....	-40,314,000

Item	Amount
(11) Amount payable from the New Motor Vehicle Board Account (Item 2740-001-0054) .....	-1,656,000
(12) Amount payable from the Motor Vehicle License Fee Account, Transportation Tax Fund (Item 2740-001-0064).....	-265,002,000
(13) Amount payable from Motor Carriers Permit Fund (Item 2740-001-0292).....	-2,986,000
(14) Amount payable from the Harbors and Watercraft Revolving Fund (Item 2740-001-0516) .....	-2,018,000
2740-001-0054—For support of Department of Motor Vehicles, for payment to Item 2740-001-0044, payable from the New Motor Vehicle Board Account ..	1,656,000
2740-001-0064—For support of Department of Motor Vehicles, for payment to Item 2740-001-0044, payable from the Motor Vehicle License Fee Account, Transportation Tax Fund .....	265,002,000
2740-001-0292—For support of Department of Motor Vehicles, for payment to Item 2740-001-0044, payable from the Motor Carriers Permit Fund .....	2,986,000
2740-001-0516—For support of Department of Motor Vehicles, for payment to Item 2740-001-0044, payable from the Harbors and Watercraft Revolving Fund .....	2,018,000
Provisions:	
1. The funds appropriated in this item are for undocumented vessel registration and fee collection.	
2740-011-0044—For payment of deficiencies in appropriations for the Department of Motor Vehicles which may be authorized by the Director of Finance, payable from the Motor Vehicle Account, State Transportation Fund.....	(1,000,000)
Provisions:	
1. The Director of Finance shall report allocations from this appropriation in the same manner as required for reporting allocations from Item 9840-001-0494 of this act.	
2740-011-0292—For transfer by the Controller, upon order of the Director of Finance, from the Motor Carrier Permits Fund to the Motor Vehicle Account.....	(8,936,000)
2740-301-0042—For capital outlay, Department of Motor Vehicles, for payment to Item 2740-301-0044, payable from the State Highway Account, State Transportation Fund.....	1,333,000

Item	Amount
2740-301-0044—For capital outlay, Department of Motor Vehicles, payable from the Motor Vehicle Account, State Transportation Fund.....	11,368,000
Schedule:	
(.5) 71.03.018-Sacramento Headquarters: 1st Floor Asbestos Removal and Seismic Retrofit—Construction .....	19,120,000
(1) 71.03.019-Sacramento Headquarters: 3rd Floor Asbestos Removal and Seismic Retrofit—Working drawings.....	325,000
(2) 71.03.020-Sacramento Headquarters: 5th Floor Asbestos Removal and Seismic Retrofit—Preliminary plans.....	219,000
(3) 71.46.010-San Ysidro: Field Office Replacement—Preliminary plans and working drawings.....	743,000
(4) 71.53.010-South Sacramento: Field Office Replacement—Preliminary plans and working drawings.....	760,000
(5) Amount payable from the State Highway Account, State Transportation Fund (Item 2740-301-0042).....	-1,333,000
(6) Amount payable from the Motor Vehicle License Fee Account, Transportation Tax Fund (Item 2740-301-0064) .....	-8,466,000
2740-301-0064—For capital outlay, Department of Motor Vehicles, for payment to Item 2740-301-0044, payable from the Motor Vehicle License Fee Account, Transportation Tax Fund.....	8,466,000
2740-495—Reversion, Department of Motor Vehicles.	
As of June 30, 2002, the unencumbered balances of the appropriations provided in the following citations shall revert to the balance in the fund from which the appropriation was made:	
0042—State Highway Account, State Transportation Fund	
Item 2740-301-0042, Budget Act of 2001 (Ch. 106, Stats. 2001)	

Item	Amount
0044—Motor Vehicle Account, State Transportation Fund	
Item 2740-301-0044, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 2740-490, Budget Act of 2001 (Ch. 106, Stats. 2001)	
(a) 71.03.018-Sacramento Headquarters: 1st Floor Asbestos Removal and Seismic Retrofit-Construction	
Item 2740-301-0044, Budget Act of 2001 (Ch. 106, Stats. 2001)	
(2.5) 71.43.010-Stockton: Field Office Replacement—Acquisition and preliminary plans	
(4) 71.46.010-San Ysidro: Field Office Relocation-Preliminary plans	
0064—Motor Vehicle License Fee Account, Transportation Tax Fund	
Item 2740-301-0064, Budget Act of 2001 (Ch. 106, Stats. 2001)	
2780-001-0683—For support of Stephen P. Teale Data Center, payable from the Stephen P. Teale Data Center Revolving Fund.....	96,510,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the Stephen P. Teale Data Center in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
2. Expenditure authority provided in this item to support data center infrastructure projects may not be utilized for items outside the approved project scope. In addition, the data center shall report to the Department of Finance actual expenditures associated with the projects when purchase agreements have been executed.	

Item	Amount
<b>TECHNOLOGY, TRADE, AND COMMERCE</b>	
2920-001-0001—For support of Technology, Trade, and Commerce Agency .....	20,719,000
Schedule:	
(2) 07-Science, Technology and Innovation .....	736,000
(3) 10-Economic Development.....	7,445,000
(4) 20-International Trade and Investment .....	3,814,000
(5) 25-Marketing and Communications	300,000
(6) 30-Tourism .....	8,105,000
(7) 40-Contracts, Grants and Loans .....	1,110,000
(8) 60-Economic Research and Strategic Initiatives .....	563,000
(9) 70.01-Administration.....	5,433,000
(10) 70.02-Distributed Administration .	-5,299,000
(11) Reimbursements .....	-1,488,000
Provisions:	
1. Of the amount appropriated in this item, the Technology, Trade, and Commerce Agency may transfer funds to Item 2920-012-0001, consistent with Provision 1 of that item, where the transfer is necessary to reimburse foreign trade office directors for relocation expenses to and from foreign trade offices.	
2. Of the amount appropriated in this item, it is the intent of the Legislature that \$100,000 shall be available to fund the activities of the California Economic Strategy Panel.	
2920-001-0123—For support of Technology, Trade, and Commerce Agency, Program 05—California Infrastructure and Economic Development Bank, payable from the Rural Economic Development Fund.....	155,000
2920-001-0145—For support of Technology, Trade, and Commerce Agency, payable from the Commerce Marketing Fund.....	107,000
Schedule:	
(1) 10-Economic Development.....	26,000
(2) 30-Tourism .....	81,000
2920-001-0218—For support of Technology, Trade, and Commerce Agency, Program 10—Economic Development, payable from the Rural Development Fund .....	30,000
2920-001-0440—For support of Technology, Trade, and Commerce Agency, payable from the Petroleum Underground Storage Tank Financing Account.....	812,000

Item	Amount
Schedule:	
(1) 10-Economic Development.....	649,000
(2) 40-Contracts, Grants and Loans.....	163,000
2920-001-0649—For support of Technology, Trade, and Commerce Agency, payable from the California In- frastructure and Economic Development Bank Fund .....	1,501,000
Schedule:	
(1) 05-California Infrastructure and Economic Development Bank .....	1,413,000
(2) 40-Contracts, Grants and Loans.....	88,000
2920-001-0801—For support of Technology, Trade, and Commerce Agency, Program 10—Economic Devel- opment, payable from the California Small Business Development Center Fund .....	242,000
2920-001-0890—For support of Technology, Trade, and Commerce Agency, Program 10—Economic Devel- opment, payable from the Federal Trust Fund.....	1,522,000
2920-011-0001—For support of Technology, Trade, and Commerce Agency .....	5,192,000
Schedule:	
(1) For transfer to the Small Business Expansion Fund (0918).....	5,162,000
(2) For transfer to the Rural Develop- ment Fund (0218) .....	30,000
Provisions:	
1. Of the amount appropriated in Schedule (1) of this item, \$500,000 is for the establishment of the Small Business Financial Development Corpora- tions in Southeast Los Angeles, pursuant to sub- division (c) of Section 14060.6 of the Corpora- tions Code.	
2920-012-0001—For support of Technology, Trade, and Commerce Agency, Foreign Trade Offices .....	4,068,000
Schedule:	
(1) Foreign Trade Offices..... (4,872,000)	
(a) 20.50.001 South Africa.....	414,000
(b) 20.50.002 Germany	560,000
(c) 20.50.003 China- Hong Kong .....	838,000
(d) 20.50.004 Japan.....	1,052,000
(e) 20.50.005 United Kingdom .....	522,000
(f) 20.50.006 Mexico...	1,155,000
(g) 20.50.007 Taiwan...	331,000

Item	Amount
(2) Contract Foreign Trade Offices..... (1,196,000)	
(a) 20.60.002 South Korea.....	261,000
(b) 20.60.004 China-Shanghai .....	270,000
(c) 20.60.006 Singapore .....	200,000
(d) 20.60.007 Argentina .....	265,000
(e) 20.60.008 Israel .....	200,000
(3) 97.20.001-Unallocated Reduction...	-2,000,000
Provisions:	
1. Notwithstanding the provisions of Section 26.00 of this act, for the purposes of the payment of appropriate relocation expenses to and from foreign trade offices by foreign trade office directors, the Technology, Trade, and Commerce Agency may transfer funds between the schedules of this item.	
2. Notwithstanding any other provisions of law, the Secretary of Technology, Trade, and Commerce shall implement a reduction of \$2,000,000 to this item not sooner than 30 days after notification in writing of the allocation of such reduction among the foreign trade offices and contract foreign trade offices to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
2920-101-0001—For local assistance, Technology, Trade, and Commerce Agency .....	0
Schedule:	
(1) 07-Science, Technology and Innovation .....	0
(2) 10.09-Economic Development (Office of Military Base Retention) .....	0
(3) 10.40-Economic Development (Local Development) .....	0
(4) 10.50-Economic Development (Small Business Development Centers).....	0
2920-101-0440—For local assistance, Technology, Trade, and Commerce Agency, Program 10—Economic Development, payable from the Petroleum Underground Storage Tank Financing Account .....	6,000,000

Item	Amount
2920-101-0801—For local assistance, Technology, Trade, and Commerce Agency, Program 10—Economic Development, payable from the California Small Business Development Center Fund.....	1,000,000
2920-101-0890—For local assistance, Technology, Trade, and Commerce Agency, Program 10—Economic Development, payable from the Federal Trust Fund .....	10,169,000
2920-101-3005—For local assistance, Technology, Trade, and Commerce Agency, Program 10—Economic Development, payable from the Film California First Fund .....	10,000,000
2920-111-0001—For transfer, upon order of the Director of Finance, from the General Fund to the Film California First Fund .....	10,000,000
2920-115-0440—For transfer, upon order of the Director of Finance, from the Petroleum Underground Storage Tank Financing Account to the General Fund...	(17,000,000)
Provisions:	
1. The transfer made by this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan.	
2920-115-0521—For transfer, upon order of the Director of Finance, from the Rural Economic Development Infrastructure Revenue Bond Fund to the General Fund .....	(8,400,000)
Provisions:	
1. The transfer made by this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan.	
2920-115-0649—For transfer, upon order of the Director of Finance, from the California Infrastructure and Economic Development Bond Fund to the General Fund .....	(8,000,000)
2920-115-0694—For transfer, upon order of the Director of Finance, from the Petroleum Financing Collection Account to the General Fund .....	(1,000,000)



Item	Amount
Provisions:	
1. The transfer made by this item is a time specific loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan.	
2920-115-0809—For transfer, upon order of the Director of Finance, from the Export Finance Fund to the General Fund.....	(8,000,000)
2920-115-0918—For transfer, upon order of the Director of Finance, from the Small Business Expansion Fund to the General Fund.....	(10,700,000)
Provisions:	
1. The transfer made by this item is a time specific loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan. It is also the intent of the Legislature that this loan constitutes an asset of the expansion fund that may be encumbered in the same manner as moneys appropriated for those purposes and on deposit in the fund.	
2920-401—The State Controller, upon order of the Director of Finance, shall reduce a total of \$10,000,000 from the amounts appropriated from the General Fund in this act to the Technology, Trade, and Commerce Agency.	
2920-496—Reversion, Technology, Trade, and Commerce Agency. As of June 30, 2002, \$2,000,000 of the amount appropriated in the following citation shall revert to the General Fund.	
0001—General Fund	
(1) Item 2920-011-0001, Budget Act of 2001 (Ch. 106, Stats. 2001), Schedule (1) for transfer to the Small Business Expansion Fund (0918)...	4,662,000

Item	Amount
<b>RESOURCES</b>	
3110-001-0001—For support of Special Resources Program, Program 30—Sea Grant Program, for grants to public and private higher education for use as a maximum of two-thirds of the local matching share for projects under the National Sea Grant College Program Act, as amended .....	430,000
Provisions:	
1. Of the amount in this item, \$80,000 shall be allocated to related programs at the University of Southern California.	
3110-101-0071—For local assistance, Special Resources Program, Program 20—Yosemite Foundation, payable from the Yosemite Foundation Account, California Environmental License Plate Fund .....	840,000
Provisions:	
1. There is hereby appropriated to the Special Resources Program for allocation by the State Controller to the Yosemite Foundation all moneys deposited in the account for activities authorized pursuant to Section 5064 of the Vehicle Code (Chapter 1273, Statutes of 1992).	
3110-101-0140—For local assistance, Special Resources Program, Program 10—Tahoe Regional Planning Agency, payable from the California Environmental License Plate Fund .....	3,214,000
3110-101-0516—For local assistance, Special Resources Program, Program 10—Tahoe Regional Planning Agency payable from the Harbors and Watercraft Revolving Fund.....	124,000
Provisions:	
1. Notwithstanding any other provision of law, funds in this item shall be expended to implement motorized watercraft regulations adopted by the Tahoe Regional Planning Agency.	
3125-001-0001—For support of California Tahoe Conservancy .....	0
Schedule:	
(1) 10-Tahoe Conservancy .....	4,024,000
(2) Reimbursements.....	-33,000
(3) Amount payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Item 3125-001-0005)..	-809,000

Item	Amount
(3.5) Amount payable from the California Environmental License Plate Fund .....	-2,828,000
(4) Amount payable from Habitat Conservation Fund (Item 3125-001-0262) .....	-17,000
(5) Amount payable from the Lake Tahoe Conservancy Account (Item 3125-001-0286) .....	-161,000
(6) Amount payable from the Tahoe Conservancy Fund (Item 3125-001-0568) .....	-176,000
3125-001-0005—For support of California Tahoe Conservancy, for payment to Item 3125-001-0001, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund...	809,000
3125-001-0140—For support of California Tahoe Conservancy, for payment to Item 3125-001-0001, payable from the California Environmental License Plate Fund .....	2,828,000
3125-001-0262—For support of California Tahoe Conservancy, for payment to Item 3125-001-0001, payable from the Habitat Conservation Fund .....	17,000
3125-001-0286—For support of California Tahoe Conservancy, for payment to Item 3125-001-0001, payable from the Lake Tahoe Conservancy Account ....	161,000
3125-001-0568—For support of California Tahoe Conservancy, for payment to Item 3125-001-0001, payable from the Tahoe Conservancy Fund .....	176,000
Provisions:	
1. Of this amount, pursuant to Section 66908.3 of the Government Code, the conservancy shall pay \$40,200 to the County of Placer, and \$2,800 to the County of El Dorado.	
2. Fifty percent (50%) of the amounts pursuant to Provision 1 above shall be used by the Counties of Placer and El Dorado for soil erosion control projects in the Lake Tahoe region, as defined in Section 66905.5 of the Government Code.	
3125-101-0005—For local assistance, California Tahoe Conservancy, Program 10—Tahoe Conservancy, for soil erosion control grants, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund .....	5,000,000

Item	Amount
Provisions:	
1. Notwithstanding any other provision of law, this appropriation shall be available for encumbrance until June 30, 2005.	
3125-301-0001—For capital outlay, California Tahoe Conservancy.....	0
Schedule:	
(1) 50.30.004-Land acquisition and site improvements—Stream environment zones and watershed restorations pursuant to Title 7.42 (commencing with Section 66905) of the Government Code .....	244,000
(2) Reimbursements.....	-244,000
Provisions:	
1. The acquisition of real property or interests with funds appropriated in this item is not subject to the Property Acquisition Law when the value is \$250,000 or less, and, therefore, is not subject to approval by the State Public Works Board.	
2. The amount appropriated in this item is available for expenditure for capital outlay or for local assistance until June 30, 2005. Expenditures of funds for grants to public agencies and grants to nonprofit organizations, as authorized by subdivision (a) of Section 66907.7 of the Government Code, are exempt from review by the State Public Works Board.	
3125-301-0005—For capital outlay, California Tahoe Conservancy, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund .....	14,278,000
Schedule:	
(1) 50.30.002-Land acquisition and site improvements—Public access and recreation pursuant to Title 7.42 (commencing with Section 66905) of the Government Code .....	6,161,000
(2) 50.30.003-Acquisition, restoration, and enhancement of habitat.....	1,018,000
(3) 50.30.004-Land acquisition and site improvements—Stream environment zone and watershed restoration pursuant to Title 7.42 (commencing with Section 66905) of the Government Code. ....	4,599,000

Item	Amount
(4) 50.30.005-Land acquisition pursuant to Section 66907 of the Government Code .....	2,500,000
Provisions:	
1. The acquisition of real property or interests with funds appropriated in this item is not subject to the Property Acquisition Law when the value is \$250,000 or less, and, therefore, is not subject to approval by the State Public Works Board.	
2. The amount appropriated in this item is available for expenditure for capital outlay or for local assistance through until June 30, 2005. Expenditures of funds for grants to public agencies and grants to nonprofit organizations, as authorized by subdivision (a) of Section 66907.7 of the Government Code, are exempt from review by the State Public Works Board.	
3125-301-0262—For capital outlay, California Tahoe Conservancy, payable from the Habitat Conservation Fund .....	482,000
Schedule:	
(1) 50.30.003-Acquisition, restoration, and enhancement of habitat.....	482,000
Provisions:	
1. The acquisition of real property or interests with funds appropriated by this item is not subject to the Property Acquisition Law when the value is less than \$250,000 and, therefore, is not subject to Public Works Board approval.	
2. The amount appropriated in this item is available for expenditure for capital outlay or for local assistance until June 30, 2005. Expenditures of funds for grants to public agencies and grants to nonprofit organizations, as authorized by subdivision (a) of Section 66907.7 of the Government Code, are exempt from Public Works Board review.	
3125-301-0286—For capital outlay, California Tahoe Conservancy, payable from the Lake Tahoe Conservancy Account.....	713,000
Schedule:	
(1) 50.30.002-Land acquisition and site improvements—Public access and recreation pursuant to Title 7.42 (commencing with Section 66905) of the Government Code .....	356,000

Item	Amount
(2) 50.30.004-Land acquisition and site improvements—Stream environment zones and watershed restorations pursuant to Title 7.42 (commencing with Section 66905) of the Government Code .....	357,000
Provisions:	
1. The acquisition of real property or interests with funds appropriated in this item is not subject to the Property Acquisition Law when the value is \$250,000 or less, and, therefore, is not subject to Public Works Board approval.	
2. The amount appropriated in this item is available for expenditure for capital outlay or for local assistance until June 30, 2005. Expenditures of funds for grants to public agencies and grants to nonprofit organizations, as authorized by subdivision (a) of Section 66907.7 of the Government Code, are exempt from Public Works Board review.	
3340-001-0001—For support of California Conservation Corps .....	46,304,000
Schedule:	
(1) 10-Training and Work Program.....	48,069,000
(2) 10.55-Administration.....	(8,139,000)
(3) 10.55-Distributed Administration .....	(-8,139,000)
(4) Amount payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Item 3340-001-0005).	-625,000
(5) Amount payable from the California Environmental License Plate Fund (Item 3340-001-0140).....	-305,000
(6) Amount payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund (Item 3340-001-0235) .....	-269,000
(7) Amount payable from the Federal Trust Fund (Item 3340-001-0890).....	-495,000
(8) Amount payable from the Clean Water, Clean Air, Coastal Protection Fund (3340-001-6029).....	-71,000
Provisions:	
1. Notwithstanding Section 14316 of the Public Resources Code, the Department of Finance may	

Item

Amount

make a loan from the General Fund to the California Conservation Corps for the purposes of this item, in the amount of 25 percent of the reimbursements anticipated in the Collins-Dugan Reimbursement Account to be received by the California Conservation Corps from each client agency, not to exceed an aggregate total of \$6,432,000, to meet cashflow needs due to delays in collecting reimbursements. Any loan made by the Department of Finance pursuant to this provision shall only be made if the California Conservation Corps has a valid contract or certification signed by the client agency, which demonstrates that sufficient funds will be available to repay the loan. All money so transferred shall be repaid to the General Fund as soon as possible, but not later than one year from the date of the loan. On and after a date 90 days after the end of that year, the Department of Finance shall charge interest to the California Conservation Corps, at the rate earned in the Pooled Money Investment Fund, on any portion of the loan that has not been repaid.

2. Of the funds appropriated in this item, \$2,725,000 shall be available for use by the California Conservation Corps to respond to natural disasters and other emergencies, including the fighting of forest fires. The Director of Finance may adjust this amount to the extent indicated by corrections identified by the director in the reports of the past expenditures of the California Conservation Corps upon which the amounts appropriated by this item are based. The Director of Finance shall notify the Chairperson of the Joint Legislative Budget Committee at least 30 days prior to making that adjustment.
3. To the extent that funds in excess of the amount identified in Provision 2 are necessary in order for the California Conservation Corps to respond to one or more emergencies declared by the Governor, the Department of Finance shall transfer, from the funds available pursuant to Section 8690.6 of the Government Code, an amount not to exceed \$1,500,000 as necessary to fund that response. If, after the Department of Finance has transferred funds pursuant to this provision, the California Conservation Corps receives reimbursements or other amounts in payment of its

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costs of response to one or more declared emergencies, those amounts shall be deposited in the General Fund.	
3340-001-0005—For support of California Conservation Corps, for payment to Item 3340-001-0001, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund.....	625,000
3340-001-0140—For support of California Conservation Corps, for payment to Item 3340-001-0001, payable from the California Environmental License Plate Fund .....	305,000
3340-001-0235—For support of California Conservation Corps, for payment to Item 3340-001-0001, payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund .....	269,000
3340-001-0890—For support of California Conservation Corps, for payment to Item 3340-001-0001, payable from the Federal Trust Fund .....	495,000
3340-001-6029—For support of California Conservation Corps, for payment to Item 3340-001-0001, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund..	71,000
3340-101-0005—For local assistance, California Conservation Corps, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund .....	2,900,000
3340-101-6029—For local assistance, California Conservation Corps, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund .....	4,000,000
3340-301-0318—For capital outlay, California Conservation Corps, payable from the Collins-Dugan California Conservation Corps Reimbursement Account .....	400,000
Schedule:	
(1) 20.10.140-Minor Capital Outlay ....	400,000
3340-490—Reappropriation, California Conservation Corps. Notwithstanding any other provision of law, the balance of the appropriations provided in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for the appropriations:	
0660—Public Buildings Construction Fund	
(1) Item 3340-301-0660, Budget Act of 2001 (Ch. 106, Stats. 2001)	
(1) 20.10.145—Camarillo Satellite Relocation/Construction—Construction	



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(2) Funds appropriated in paragraph (1) of subdivision (b) of Section 2 of Chapter 3 of the Statutes of 2002, Third Extraordinary Session, for the Delta Service Center District Site Selection and Acquisition Project 20.10.150 shall be available for acquisition, preliminary plans, working drawings, and construction.	
(3) Notwithstanding subdivision (b) of Section 2.00 of this Act, funds appropriated in Schedule 2 of this item shall be available for expenditure until June 30, 2007.	
Provisions:	
1. Notwithstanding any other provision of law, Sections 3 to 10, inclusive, of Chapter 3 of the Statutes of 2002, Third Extraordinary Session, shall apply to the reappropriation in Schedule (2) above.	
2. Notwithstanding any other provision of law, Provisions 1 to 3, inclusive, of Item 3340-301-0660 of Section 2.00 of the Budget Act of 2001 (Ch. 106, Stats. 2001) apply to the reappropriation in Schedule (1) above.	
3360-001-0044—For support of Energy Resources Conservation and Development Commission, for payment to Item 3360-001-0465, payable from the Motor Vehicle Account, State Transportation Fund .....	121,000
3360-001-0314—For support of Energy Resources Conservation and Development Commission, for payment to Item 3360-001-0465, payable from the Diesel Emission Reduction Fund .....	217,000
3360-001-0381—For support of Energy Resources Conservation and Development Commission, for payment to Item 3360-001-0465, payable from the Public Interest Research, Development and Demonstration Fund .....	71,515,000
Provisions:	
1. Notwithstanding subdivision (a) of Section 2.00 of this act, funds appropriated in this item shall be available for expenditure during the 2002–03 and 2003–04 fiscal years.	
2. Notwithstanding Section 16304.1 of the Government Code, funds appropriated in this item shall be available for liquidation of encumbrances until June 30, 2008.	
3. Notwithstanding any other provision of law, funds appropriated in this item may be used by the En-	

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ergy Resources Conservation and Development Commission to provide grants, loans, or repayable research contracts. When the commission evaluates proposals, a high-point scoring method may be used in lieu of lowest cost. Repayment terms shall be determined by the commission.	
3360-001-0382—For support of Energy Resources Conservation and Development Commission, for payment to Item 3360-001-0465, payable from the Renewable Resource Trust Fund .....	3,403,000
3360-001-0465—For support of Energy Resources Conservation and Development Commission, payable from the Energy Resources Programs Account .....	51,247,000
Schedule:	
(1) 10-Regulatory and Planning.....	30,059,000
(2) 20-Energy Resources Conservation.	23,532,000
(3) 30-Development.....	95,616,000
(4) 40.01-Policy, Management and Administration.....	10,923,000
(5) 40.02-Distributed Policy, Management and Administration .....	-10,923,000
(6) Reimbursements.....	-10,320,000
(7) Amount payable from the General Fund (Item 3360-001-0001).....	0
(8) Amount payable from the Motor Vehicle Account, State Transportation Fund (Item 3360-001-0044)....	-121,000
(9) Amount payable from the Diesel Emission Reduction Fund (Item 3360-001-0314).....	-217,000
(10) Amount payable from the Public Interest Research, Development and Demonstration Fund (Item 3360-001-0381).....	-71,515,000
(11) Amount payable from the Renewable Resource Trust Fund (Item 3360-001-0382).....	-3,403,000
(12) Amount payable from the Energy Technologies Research Development and Demonstration Account (Item 3360-001-0479).....	-2,042,000
(13) Amount payable from the Local Government Geothermal Resources Revolving Subaccount, GRDA (Item 3360-001-0497) .....	-274,000

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(14) Amount payable from the Petroleum Violation Escrow Account (Item 3360-001-0853).....	-786,000
(15) Amount payable from the Katz Schoolbus Fund (Item 3360-001-0854) .....	-117,000
(16) Amount payable from the Federal Trust Fund (Item 3360-001-0890).	-9,165,000
Provisions:	
1. Notwithstanding Section 16304.1 of the Government Code, funds appropriated in this item for the Energy Technology Export Program shall be available for liquidation of encumbrances until June 30, 2006.	
3360-001-0479—For support of Energy Resources Conservation and Development Commission, for payment to Item 3360-001-0465, payable from the Energy Technologies Research, Development and Demonstration Account for the purpose of funding loans, grants and contracts to provide a variety of research projects.....	2,042,000
Provisions:	
1. Notwithstanding subdivision (a) of Section 2.00 of this act, funds appropriated in this item shall be available for expenditure during the 2002–03 and 2003–04 fiscal years.	
2. Notwithstanding Section 16304.1 of the Government Code, funds appropriated in this item shall be available for liquidation of encumbrances until June 30, 2006.	
3. Notwithstanding any other provision of law, funds appropriated in this item may be used by the Energy Resources Conservation and Development Commission to provide grants, loans, or repayable research contracts. When the commission evaluates proposals, a high-point scoring method may be used in lieu of lowest cost. Repayment terms shall be determined by the commission.	
3360-001-0497—For support of Energy Resources Conservation and Development Commission, for payment to Item 3360-001-0465, payable from the Local Government Geothermal Resources Revolving Subaccount, GRDA .....	274,000
3360-001-0853—For support of Energy Resources Conservation and Development Commission, for payment to Item 3360-001-0465, payable from the Petroleum Violation Escrow Account .....	786,000

Item	Amount
3360-001-0854—For support of Energy Resources Conservation and Development Commission, for payment to Item 3360-001-0465, payable from the Katz Schoolbus Fund created by Section 17911 of the Education Code .....	117,000
3360-001-0890—For support of Energy Resources Conservation and Development Commission, for payment to Item 3360-001-0465, payable from the Federal Trust Fund .....	9,165,000
3360-011-0381—For transfer by the Controller from the Public Interest Research, Development, and Demonstration Fund to the General Fund.....	0
Provisions:	
1. Notwithstanding any other provision of law, the Controller shall transfer the income from surplus money investments for the period from July 1, 2002, to June 30, 2003, inclusive, from the Public Interest Research, Development, and Demonstration Fund to the General Fund.	
3360-011-0382—For transfer by the Controller, upon order of the Director of Finance, from the Renewable Resource Trust Fund to the General Fund.....	(150,000,000)
Provisions:	
1. The transfer made by this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan.	
3360-012-0382—For transfer by the Controller from the Renewable Resource Trust Fund to the General Fund .....	0
Provisions:	
1. Notwithstanding any other provision of law, the Controller shall transfer the income from surplus money investments for the period from July 1, 2002, to June 30, 2003, inclusive, from the Renewable Resource Trust Fund to the General Fund.	
3360-013-0382—For transfer by the Controller, upon order of the Director of Finance, from the Renewable Resource Trust Fund to the California Consumer Power and Conservation Financing Authority Fund .....	(8,900,000)

Item		Amount
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Provisions:

1. The appropriation in this item shall be available for loans to the California Consumer Power and Conservation Financing Authority Fund, as needed (a) to repay the General Fund for startup loans provided in the 2001–02 fiscal year pursuant to Item 8665-011-0001 of the Budget Act of 2001 (Ch. 106, Stats. 2001) and (b) to finance approved 2002–03 fiscal year expenditures in Item 8665-001-9326. Loans shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer and shall be repaid from revenues deposited in that fund pursuant to Chapter 10, Statutes of 2001 (First Extraordinary Session). The California Consumer Power and Conservation Financing Authority shall repay at least \$1 million of the amount loaned in this item by June 30, 2003. All remaining loan amounts shall be repaid by June 30, 2004. In the event that any amount loaned pursuant to this item remains outstanding on July 1, 2004, the outstanding loan amount shall be converted to a loan from the Energy Resources Programs Account, and the outstanding balance with accrued interest shall be transferred from the Energy Resources Programs Account to the Renewable Resource Trust Fund.

3360-101-0497—	For local assistance, Energy Resources Conservation and Development Commission, pursuant to Section 3822 of the Public Resources Code, payable from the Local Government Geothermal Resources Revolving Subaccount, GRDA.....	5,834,000
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Schedule:

(1) 30-Development.....		5,834,000
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Provisions:

1. Funds appropriated in this item shall be available for expenditure until June 30, 2004.
2. Notwithstanding Section 16304.1 of the Government Code, funds appropriated in this item shall be available for liquidation of encumbrances until June 30, 2006.

3360-491—Reappropriation, Energy Resources Conservation and Development Commission. Notwithstanding any other provision of law, funds appropri-

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ated in the following citations are reappropriated for liquidation until June 30, 2003:	
0465—Energy Resources Programs Account	
(1) Item 3360-001-0465, Budget Act of 1999 (Ch. 50, Stats. 1999).	
0497—Geothermal Resources Development Account	
(1) Item 3360-101-0497, Budget Act of 1998 (Ch. 324, Stats. 1998).	
3460-001-0001—For support of Colorado River Board of California .....	225,000
Schedule:	
(1) 10-Protection of California’s Colorado River Rights and Interests ....	1,133,000
(2) Reimbursements .....	-893,000
(3) Amount payable from the California Environmental License Plate Fund (Item 3460-001-0140).....	-15,000
3460-001-0140—For support of Colorado River Board of California, for payment to Item 3460-001-0001, payable from the California Environmental License Plate Fund.....	15,000
Provisions:	
1. The funds appropriated in this item are for the Salinity Control Forum.	
3480-001-0001—For support of Department of Conservation.....	21,717,000
Schedule:	
(1) 10-Geologic Hazards and Mineral Resources Conservation.....	25,363,000
(2) 20-Oil, Gas, and Geothermal Resources .....	13,805,000
(3) 30-Land Resource Protection.....	3,695,000
(4) 40.01-Administration.....	9,389,000
(5) 40.02-Distributed Administration ...	-9,389,000
(6) 50-Beverage Container Recycling and Litter Reduction Program.....	35,865,000
(7) Reimbursements .....	-8,382,000
(8) Amount payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Item 3480-001-0005)..	-498,000
(9) Amount payable from the Surface Mining and Reclamation Account (Item 3480-001-0035) .....	-1,887,000

Item	Amount
(10) Amount payable from the State Highway Account, State Transportation Fund (Item 3480-001-0042)	-12,000
(11) Amount payable from the California Beverage Container Recycling Fund (Item 3480-001-0133) .....	-35,790,000
(13) Amount payable from the Soil Conservation Fund (Item 3480-001-0141) .....	-1,270,000
(14) Amount payable from Hazardous and Idle-Deserted Well Abatement Fund (Section 3206, Public Resources Code) .....	-100,000
(15) Amount payable from Mine Reclamation Account (Item 3480-001-0336) .....	-1,459,000
(16) Amount payable from Seismic Hazards Identification Fund (Item 3480-001-0338) .....	-1,985,000
(17) Amount payable from the Strong Motion Instrumentation Special Fund (Item 3480-001-0398) .....	-3,415,000
(18) Amount payable from the Federal Trust Fund (Item 3480-001-0890).	-1,701,000
(19) Amount payable from the Agriculture and Open Space Mapping Subaccount (Item 3480-001-6004) .....	-512,000

Provisions:

1. Notwithstanding any other provision of law, upon approval and order of the Department of Finance, the Department of Conservation may borrow sufficient funds, from special funds that otherwise provide support for the department, to meet cashflow needs due to delays in collecting reimbursements. Any loan made by the Department of Finance pursuant to this provision may be made only if the Department of Conservation has a valid contract or certification signed by the client agency, which demonstrates that sufficient funds will be available to repay the loan. All money so transferred shall be repaid to the special fund as soon as possible, but not later than one year from the date of the loan.

Item	Amount
3480-001-0005—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund.....	498,000
3480-001-0035—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the Surface Mining and Reclamation Account .....	1,887,000
Provisions:	
1. Of the amount appropriated in this item, \$125,000 shall be expended for mapping abandoned mines, and \$125,000 shall be expended for remediation and referrals to other agencies, including the State Water Resources Control Board, for cleanup activities utilizing these funds.	
3480-001-0042—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the State Highway Account, State Transportation Fund .....	12,000
Provisions:	
1. The funds appropriated in this item are for the state’s share of costs of the California Institute of Technology seismograph network.	
3480-001-0133—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the California Beverage Container Recycling Fund .....	35,790,000
3480-001-0141—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the Soil Conservation Fund .....	1,270,000
3480-001-0336—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the Mine Reclamation Account .....	1,459,000
3480-001-0338—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the Seismic Hazards Identification Fund .....	1,985,000
Provisions:	
1. Notwithstanding any other provision of law, the Department of Finance may authorize expenditures from the Seismic Hazards Identification Fund in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his designee, may in each instance de-	



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<p>termine. When exercising this provision, the department must maintain a minimum 10-percent reserve balance in the Seismic Hazards Identification Fund at all times and not exceed a total program expenditure level of \$2,300,000. This provision may also be used to reduce expenditures below the amount appropriated by this item should revenues be unable to maintain an adequate balance.</p>	
<p>3480-001-0398—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the Strong Motion Instrumentation Special Fund .....</p>	3,415,000
<p>Provisions:</p>	
<p>1. Notwithstanding any other provision of law, the Department of Finance may authorize expenditures from the Strong Motion Instrumentation Special Fund in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his designee, may in each instance determine. When exercising this provision, the department must maintain a minimum 10-percent reserve balance in the Strong Motion Instrumentation Special Fund at all times and not exceed a total program expenditure level of \$5,000,000. This provision may also be used to reduce expenditures below the amount appropriated by this item should revenues be unable to maintain an adequate balance.</p>	
<p>3480-001-0890—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the Federal Trust Fund .....</p>	1,701,000
<p>3480-001-6004—For support of Department of Conservation, for payment to Item 3480-001-0001, payable from the Agriculture and Open Space Mapping Sub-account.....</p>	512,000
<p>3480-011-0133—For transfer by the Controller, upon order of the Director of Finance, from the California Beverage Container Recycling Fund to the General Fund.....</p>	(218,000,000)
<p>Provisions:</p>	
<p>1. Upon written approval of the Director of Finance, funds may be transferred from the Beverage Con-</p>	

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<p>tainer Recycling Fund to the General Fund. The transfer made by this item is a loan to the General Fund and shall be fully repaid by June 30, 2009. This loan shall be repaid with interest at the rate earned by the Pooled Money Investment Account at the time of the transfer. The Controller shall, within 15 working days of receipt of written notification from the Director of Finance, transfer from the General Fund to the Beverage Container Recycling Fund the full amount of the loan or increments thereof as requested by the Director of Finance. It is the intent of the Legislature that the repayment is made so as to ensure that the programs supported by this fund are not adversely affected by the loan.</p> <p>2. Upon written approval of the Director of Finance, funds from this loan shall be transferred back to the Beverage Container Recycling Fund in an amount necessary to provide operating funds for support of the Beverage Container Recycling Program. Once the monthly cashflow needs of the California Beverage Container Recycling Program are met, any excess General Fund moneys transferred to the California Beverage Container Recycling Fund during the 2002–03 fiscal year shall revert to the General Fund by June 30, 2003.</p>	
3480-011-0141—For transfer by the Controller, upon order of the Director of Finance, from the Soil Conservation Fund to the General Fund .....	(1,100,000)
3480-101-0001—For local assistance, Department of Conservation .....	120,000
3480-101-0005—For local assistance, Department of Conservation, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund, to be available for expenditure in the 2002–03, 2003–04, and 2004–05 fiscal years....	11,700,000
3480-295-0001—For local assistance, Department of Conservation, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller .....	0
Schedule:	
(1) 98.01.113.175-Mineral resources policies (Ch. 1131, Stats. 1975)....	0

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Provisions:	
1. Pursuant to Section 17581 of the Government Code, the mandate identified in the appropriation schedule of this item with an appropriation of \$0 and included in the language of this provision are specifically identified by the Legislature for suspension during the 2002–03 fiscal year:	
(1) Mineral resources policies (Ch. 1131, Stats. 1975)	
3540-001-0001—For support of Department of Forestry and Fire Protection .....	333,709,000
Schedule:	
(1) 100000-Personal services.....	364,543,000
(2) 300000-Operating expenses and equipment .....	207,209,000
(3) Reimbursements .....	-124,183,000
(3.5) Amount payable from the General Fund (Item 3540-006-0001).....	-75,000,000
(4) Less funding provided by capital outlay .....	-117,000
(5) Amount payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Item 3540-001-0005)..	-221,000
(6) Amount payable from the Unified Program Account (Item 3540-001-0028) .....	-291,000
(7) Amount payable from the State Fire Marshal Licensing and Certification Fund (Item 3540-001-0102).....	-2,036,000
(8) Amount payable from the California Environmental License Plate Fund (Item 3540-001-0140).....	-455,000
(9) Amount payable from the California Fire and Arson Training Fund (Item 3540-001-0198) .....	-1,547,000
(10) Amount payable from the Hazardous Liquid Pipeline Safety Fund (Item 3540-001-0209).....	-2,464,000
(11) Amount payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund (Item 3540-001-0235).....	-385,000
(12) Amount payable from the Professional Forester Registration Fund (Item 3540-001-0300).....	-186,000

Item	Amount
(13) Amount payable from the Federal Trust Fund (Item 3540-001-0890) .....	-16,644,000
(14) Amount payable from the Forest Resources Improvement Fund (Item 3540-001-0928).....	-14,486,000
(15) Amount payable from the Timber Tax Fund (Item 3540-001-0965) ..	-28,000
Provisions:	
1. Notwithstanding any other provision of law, the Department of Finance may authorize the temporary or permanent redirection of funds from this item for purposes of emergency fire suppression and detection costs and related emergency revegetation costs.	
3540-001-0005—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund .....	221,000
3540-001-0028—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the Unified Program Account ..	291,000
3540-001-0102—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the State Fire Marshal Licensing and Certification Fund .....	2,036,000
3540-001-0140—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the California Environmental License Plate Fund .....	455,000
3540-001-0198—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the California Fire and Arson Training Fund.....	1,547,000
3540-001-0209—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the Hazardous Liquid Pipeline Safety Fund.....	2,464,000
3540-001-0235—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund.....	385,000
3540-001-0300—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the Professional Forester Registration Fund.....	186,000

Item	Amount
3540-001-0890—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the Federal Trust Fund .....	16,644,000
Provisions:	
1. Any federal funds that may become available in addition to the funds appropriated in this item for emergency fire suppression are exempt from Section 28.00 of this act.	
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.....	14,486,000
Provisions:	
1. Notwithstanding any other provision of law, moneys in this item shall be available for forest land and wildlife habitat assessment, biodiversity, forest and rangeland research, and forest and range resources assessment programs.	
3540-001-0965—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the Timber Tax Fund.....	28,000
3540-003-0001—For support of Department of Forestry and Fire Protection for rental payments on lease-revenue bonds .....	955,000
Schedule:	
(1) Base Rental and Fees .....	942,000
(2) Insurance .....	13,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
3540-006-0001—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001.....	75,000,000
Provisions:	
1. The funds appropriated in this item shall be available for emergency fire suppression and detection costs and related emergency revegetation costs and may be used for these purposes to reimburse the main support appropriation (Item 3540-001-0001) only upon approval by the Department of Finance.	
2. The Director of Forestry and Fire Protection shall furnish quarterly reports on expenditures for	

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<p>emergency fire suppression activities to the Director of Finance, the Chairperson of the Joint Legislative Budget Committee, and the fiscal and appropriate policy committees of each house. Notwithstanding Section 27.00, the Director of Finance may authorize expenditures in excess of the amount appropriated in this item by an amount necessary to fund emergency fire suppression costs. This authorization shall occur not less than 30 days after the receipt by the Legislature of the quarterly expenditure report from the Department of Forestry and Fire Protection.</p>	
<p>3540-101-0005—For local assistance, Department of Forestry and Fire Protection, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund.....</p>	1,175,000
<p>3540-295-0001—For local assistance, Department of Forestry and Fire Protection, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the cost of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller.....</p>	1,000
<p>Schedule:</p>	
<p>(1) 98.01.118.892-Very High Fire Hazard Severity Zones (Ch. 1188, Stats. 1992).....</p>	1,000
<p>Provisions:</p>	
<p>1. Except as provided in Provision 2 of this item, allocations of funds provided in this item to the appropriate local entities shall be made by the Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated in this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.</p>	
<p>2. If any of the scheduled amounts are insufficient to provide full reimbursement of costs, the State Controller may, upon notifying the Director of Fi-</p>	

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<p>nance in writing, augment those deficient amounts from the unencumbered balance of any other scheduled amounts therein. No order may be issued pursuant to this provision unless written notification of the necessity therefore is provided to the chairperson of the committee in each house, which considers appropriation, and the Chairperson of the Joint Legislative Budget Committee or his or her designee.</p>	
<p>3540-301-0001—For capital outlay, Department of Forestry and Fire Protection.....</p>	485,000
<p>Schedule:</p>	
<p>(1) 30.80-Minor Capital Outlay.....</p>	485,000
<p>Provisions:</p>	
<p>1. The funds appropriated by Schedule (1) of this item include funding for construction and preconstruction activities, including, but not limited to, study, environmental documents, preliminary plans, working drawings, equipment, and other costs relating to the design and construction of facilities, to be performed by Department of Forestry and Fire Protection personnel in completion of the projects.</p>	
<p>3540-301-0660—For capital outlay Department of Forestry and Fire Protection, payable from the Public Buildings Construction Fund.....</p>	68,577,000
<p>Schedule:</p>	
<p>(1) 30.10.015-Ukiah Forest Fire Station: Replace Facility—Working drawings and construction .....</p>	3,071,000
<p>(2) 30.10.065-Sweetwater Forest Fire Station: Relocate Facility—Preliminary plans, working drawings and construction.....</p>	2,462,000
<p>(3) 30.10.110-Elk Camp Forest Fire Station: Relocate Facility—Working drawings and construction.....</p>	2,098,000
<p>(4) 30.10.130-Santa Clara Ranger Unit Headquarters: Replace Automotive Shop—Construction .....</p>	1,577,000
<p>(5) 30.20.030-Harts Mill Forest Fire Station: Relocate Facility—Construction.....</p>	1,323,000
<p>(5.5) 30.20.035-Fort Jones Forest Fire Station: Replace Facility—Construction.....</p>	1,980,000

Item	Amount
(6) 30.20.040-Manton Forest Fire Station: Relocate Facility—Construction.....	1,364,000
(7) 30.20.045-Weaverville Forest Fire Station: Relocate Facility—Construction .....	1,971,000
(8) 30.20.130-Buckhorn Forest Fire Station: Replace Apparatus Building—Working drawings and construction .....	1,143,000
(8.5) 30.30.015-Independence Forest Fire Station: Construct Facility—Construction .....	1,395,000
(8.7) 30.30.020-San Luis Obispo Ranger Unit Headquarters: Replace Facility—Construction .....	974,000
(8.8) 30.30.060-Hemet-Ryan Air Attack Base: Replace Facility—Acquisition and construction .....	2,109,000
(9) 30.30.065-San Marcos Forest Fire Station: Relocate Facility—Preliminary plans, working drawings and construction .....	2,115,000
(9.5) 30.30.70-Valley Center Forest Fire Station: Relocate Facility—Construction .....	1,483,000
(10) 30.30.115-Ventura Youth Conservation Camp: Construct Vehicle Apparatus Building, Shop, Warehouse—Construction .....	1,397,000
(11) 30.30.120-Fenner Canyon Conservation Camp: Construct Vehicle Apparatus Buildings, Replace Office—Construction .....	2,452,000
(12) 30.30.150-Nipomo Forest Fire Station: Replace Facility—Construction .....	1,777,000
(13) 30.30.160-South Operations Area Headquarters: Relocate Facility—Working drawings and construction.....	16,401,000
(14) 30.40.015-Sonora Forest Fire Station: Relocate Facility—Working drawings and construction.....	2,490,000
(15) 30.40.035-Sand Creek Forest Fire Station: Relocate Facility—Construction .....	1,338,000



Item	Amount
(16) 30.40.050-Rancheria Forest Fire Station: Replace Facility—Construction .....	1,802,000
(17) 30.40.075-Usona Forest Fire Station: Replace Facility—Working drawings and construction .....	1,820,000
(17.6) 30.40.105-Vallecito Conservation Camp: Replace Utilities/Construct Apparatus Building—Working drawings and construction .....	1,131,000
(18) 30.40.130-Springville Forest Fire Station: Relocate Facility—Preliminary plans, working drawings and construction .....	2,740,000
(19) 30.40.135-Raymond Forest Fire Station: Relocate Facility—Preliminary plans, working drawings and construction .....	2,667,000
(19.5) 30.40.140-Ahwahnee Forest Fire Station: Replace Facility—Construction .....	1,659,000
(20) 30.40.145-Bautista Conservation Camp: Replace Modular Buildings—Preliminary plans, working drawings and construction.....	3,079,000
(21) 30.40.195-Altaville Forest Fire Station: Replace Facility—Working drawings and construction.....	2,759,000

Provisions:

1. The State Public Works Board may issue lease-revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance the acquisition, design, and construction of the projects authorized by this item.
2. The State Public Works Board and the Department of Forestry and Fire Protection may obtain interim financing for the project costs authorized in this item from any appropriate source including, but not limited to, the Pooled Money Investment Account pursuant to Sections 16312 and 16313 of the Government Code.

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3. The State Public Works Board may authorize the augmentation of the cost of construction of the project scheduled in this item pursuant to the board's authority under Section 13332.11 of the Government Code. In addition, the State Public Works Board may authorize any additional amount necessary to establish a reasonable construction reserve and to pay the cost of financing including the payment of interest during construction of the project, the costs of financing a debt service fund, and the cost of issuance of permanent financing for the project. This additional amount may include interest payable on any interim financing obtained.
4. Notwithstanding Section 2.00 of the Budget Act, the funds appropriated by Schedule 2, 8, 9, 13, 18, 19 and 20 of this item shall be available for expenditure during the 2002–2003 fiscal year, except appropriations for working drawings which shall be available for expenditure until June 30, 2004 and appropriations for construction which shall be available for expenditure until June 30, 2007. In addition, the balance of funds appropriated for construction by Schedule 2, 8, 9, 13, 18, 19 and 20 that have not been allocated, through fund transfer or approval to bid, by the Department of Finance on or before June 30, 2005, shall revert as of that date to the fund from which the appropriation was made.
5. This department is authorized and directed to execute and deliver any and all leases, contracts, agreements or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the scheduled projects.
6. The State Public Works Board shall not be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (commencing with Section 21000 of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (commencing with Section 15800 of the Government Code). This section does not exempt this department from the requirements of the California Environmental Quality Act. This section is intended to be declarative of existing law.

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7. Preliminary plans for Schedules (2), (9), (18), and (19) of this item are not yet complete. Due to the consistent design and components of forest fire stations, and to facilitate the use of the Public Buildings Construction Fund and related interim financing from the Pooled Money Investment Account, these projects are authorized to the extent the scope and cost for Schedules (2), (9), (18), and (19) remain consistent with Department of General Services capital outlay budget packages B1CDF98, B2CDF109, B1CDF102, and B2CDF103, respectively. Nothing in this provision shall be construed to limit the Public Works Board's authority pursuant to Section 13332.11 of the Government Code.
8. The funds appropriated pursuant to Item 3540-301-0660, Budget Act of 2001 (Ch. 106, Stats. 2001), Schedule (6), and the funds appropriated for the Hemet-Ryan Air Attack Base: Replace Facility Project in this item, represent 100 percent of the state's share of acquisition and construction costs for this project. Notwithstanding Section 15815 of the Government Code or any other provision of law, the Department of Forestry and Fire Protection, with the approval of the State Public Works Board, may contract with the March Joint Powers Redevelopment Agency to cause and manage the construction of the project. The Department of Forestry and Fire Protection may transfer construction funds to the March Joint Powers Redevelopment Agency to cause and manage the construction of this project. The Department of General Services or the Department of Forestry and Fire Protection shall provide oversight of the project, which shall be subject to the review of the State Public Works Board and the requirement of authorization to proceed to bid by the Department of Finance. As part of this project the Department of General Services is authorized to enter into and purchase a long-term ground lease not to exceed 99 years.

3540-490—Reappropriation—Department of Forestry and Fire Protection. Notwithstanding any other provision of law, the balances of the appropriations provided in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for by the appropriat-

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<p>tions, and shall be available for expenditure until June 30, 2003:</p> <p>0660—Public Buildings Construction Fund</p> <p>Item 3540-301-0660, Budget Act of 2001 (Ch. 106, Stats. 2001)</p> <p>(1) 30.10.035—Stevens Creek Forest Fire Station: Replace Facility—Working drawings and construction</p> <p>(2) 30.10.090—Pacheco Forest Fire Station: Replace Facility—Construction</p> <p>(4) 30.30.020—San Luis Obispo Ranger Unit Headquarters: Replace Facility—Construction</p> <p>(6) 30.30.060—Hemet-Ryan Air Attack Base: Replace Facility—Construction</p> <p>(7) 30.30.175—Owens Valley Conservation Camp: Construct Facility Upgrades—Construction</p> <p>(8) 30.40.040—Hammond Forest Fire Station: Relocate Facility—Construction</p> <p>(9) 30.40.120—Dew Drop Forest Fire Station: Replace Facility—Construction</p> <p>(10) 30.40.180—Squaw Valley Forest Fire Station: Replace Facility—Construction</p> <p>3540-495—Reversion, Department of Forestry and Fire Protection. Notwithstanding any other provision of law, the unencumbered balances as of June 30, 2002, of the appropriations provided for in the following citations shall revert to the fund from which the appropriation was made:</p> <p>0001—General Fund</p> <p>(1) Item 3540-301-0001, Budget Act of 1999 (Ch. 50, Stats. 1999), as partially reappropriated by the Budget Acts of 2000 (Ch. 52, Stats. 2000) and 2001 (Ch. 106, Stats. 2001)</p> <p>(4) 30.10.055-Ukiah Air Attack Base: Replace Facility—Working drawings</p> <p>(2) Item 3540-301-0001, Budget Act of 2000 (Ch. 52, Stats. 2000), as partially reappropriated by the Budget Act of 2001 (Ch. 106, Stats. 2001)</p> <p>(39) 30.40.110-Hollister Air Attack Base: Relocate Facility—Working drawings</p> <p>(49) 30.40.195-Altaville Forest Fire Station: Replace Facility—Working drawings</p> <p>(3) Item 3540-301-0001, Budget Act of 2001 (Ch. 106, Stats. 2001)</p> <p>(1) 30.10.015-Ukiah Forest Fire Station: Replace Facility—Working drawings</p>	

Item	Amount
(6) 30.10.110-Elk Camp Forest Fire Station: Re-locate Facility—Working drawings	
(26) 30.40.015-Sonora Forest Fire Station: Re-locate Facility—Working drawings	
(31) 30.40.075-Usona Forest Fire Station: Re-place Facility—Working drawings	
3560-001-0001—For support of State Lands Commission.....	11,277,000
Schedule:	
(1) 10-Mineral Resources Management.....	6,145,000
(2) 20-Land Management.....	8,964,000
(3) 30.01-Executive and Administration.....	3,003,000
(4) 30.02-Distributed Administration ...	-3,003,000
(5) 40-Marine Facilities Management.....	6,604,000
(6) Reimbursements.....	-3,208,000
(7) Amount payable from the Exotic Species Control Fund (Item 3560-001-0212).....	-987,000
(8) Amount payable from the Oil Spill Prevention and Administration Fund (Item 3560-001-0320).....	-6,241,000
Provisions:	
1. Notwithstanding subdivision (d) of Section 4 of Chapter 138 of the Statutes of 1964, 1st Extraordinary Session, all commission costs for administering the Long Beach Tidelands, exclusive of any Attorney General charges, shall be included in revenues deposited into the General Fund pursuant to paragraph (1) of subdivision (a) of Section 6217 of the Public Resources Code.	
2. All costs incurred to manage state school lands shall be deducted from the revenues produced by those lands and deposited into the General Fund pursuant to Section 24412 of the Education Code.	
3560-001-0212—For support of State Lands Commission, for payment to Item 3560-001-0001, payable from the Exotic Species Control Fund.....	987,000
3560-001-0320—For support of State Lands Commission, for payment to Item 3560-001-0001, payable from the Oil Spill Prevention and Administration Fund .....	6,241,000
Provisions:	
1. Funds appropriated in this item shall not be expended to monitor or inspect marine bunkering	

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operations from barges or any marine lightering operations.	
3600-001-0001—For support of Department of Fish and Game .....	49,451,000
Schedule:	
(1) 20-Biodiversity Conservation Program.....	110,374,000
(2) 25-Hunting, Fishing and Public Use.....	44,682,000
(3) 30-Management of Department Lands and Facilities .....	40,868,000
(4) 40-Conservation Education and Enforcement .....	50,020,000
(5) 50-Spill Prevention and Response..	23,772,000
(6) 70.01-Administration.....	31,557,000
(7) 70.02-Distributed Administration ...	-31,474,000
(8) Reimbursements.....	-23,400,000
(9) Amount payable from Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Item 3600-001-0005).....	-1,075,000
(10) Amount payable from the California Environmental License Plate Fund (Item 3600-001-0140).....	-19,382,000
(11) Amount payable from the Fish and Game Preservation Fund (Item 3600-001-0200) .....	-95,437,000
(12) Amount payable from the Fish and Wildlife Pollution Account (Item 3600-001-0207) .....	-2,198,000
(13) Amount payable from the California Waterfowl Habitat Preservation Account, Fish and Game Preservation Fund (Item 3600-001-0211)...	-207,000
(14) Amount payable from the Exotic Species Control Fund (Item 3600-001-0212).....	-865,000
(15) Amount payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund (Item 3600-001-0235) .....	0
(16) Amount payable from the Oil Spill Prevention and Administration Fund (Item 3600-001-0320).....	-15,849,000
(17) Amount payable from the Environmental Enhancement Fund (Item 3600-001-0322) .....	-104,000

Item	Amount
(18) Amount payable from the Central Valley Project Improvement Sub-account (Item 3600-001-0404).....	-48,000
(19) Amount payable from the Federal Trust Fund (Item 3600-001-0890).	-49,350,000
(20) Amount payable from the Coastal Watershed Salmon Habitat Subaccount (Item 3600-001-6018).....	-4,433,000
(21) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 3600-001-6029).....	-8,000,000

Provisions:

1. The funds appropriated in this item may be increased with the approval of, and under the conditions set by, the Department of Finance to meet current obligations proposed to be funded in Schedules (8) and (19). The funds appropriated by this item shall not be increased until the Department of Fish and Game has a valid contract, signed by the client agency, that provides sufficient funds to finance the increased authorization. This increased authorization may not be used to expand services or create new obligations.

Reimbursements received under Schedules (8) and (19) shall be used in repayment of any funds used to meet current obligations pursuant to this provision.

3600-001-0005—For support of the Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund...	1,075,000
3600-001-0140—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the California Environmental License Plate Fund .....	19,382,000
3600-001-0200—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Fish and Game Preservation Fund.....	95,437,000

Provisions:

1. Of the funds appropriated in this item, \$203,000 is for reimbursement to the State Department of Health Services for shellfish monitoring activities.
2. Notwithstanding Section 711 of the Fish and Game Code, the funds appropriated in this item

Item	Amount
may be used to support the activities of the Department of Fish and Game.	
3600-001-0207—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Fish and Wildlife Pollution Account .....	2,198,000
3600-001-0211—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the California Waterfowl Habitat Preservation Account, Fish and Preservation Fund .....	207,000
3600-001-0212—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Exotic Species Control Fund.....	865,000
3600-001-0320—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Oil Spill Prevention and Administration Fund .....	15,849,000
3600-001-0322—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Environmental Enhancement Fund .....	104,000
3600-001-0404—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Central Valley Project Improvement Sub-account .....	48,000
3600-001-0890—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Federal Trust Fund .....	49,350,000
3600-001-6018—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Coastal Watershed Salmon Habitat Sub-account.....	4,433,000
3600-001-6029—For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund..	8,000,000
Provisions:	
1. Funds appropriated in this item shall be expended in the same manner, and subject to the same provisions, as funds appropriated from the Salmon and Steelhead Trout Restoration Account pursuant to Section 6217.1 of the Public Resources Code.	
3600-002-0643—For transfer by the Controller, upon order of the Director of Finance, from the Upper Newport Bay Ecological Reserve Maintenance and Preservation Fund to the General Fund.....	(1,000,000)



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3600-011-0001—For support of Department of Fish and Game (reimbursement of free fishing licenses), for transfer to the Fish and Game Preservation Fund....	17,000
3600-101-0001—For local assistance, Department of Fish and Game .....	600,000
Schedule:	
(1) 20-Biodiversity Conservation Program.....	565,000
(2) 30-Management of Department Lands and Facilities .....	35,000
3600-101-0207—For local assistance, Department of Fish and Game, Program 50-Spill Prevention and Response, payable from the Fish and Wildlife Pollution Account.....	33,000
3600-101-0320—For local assistance, Department of Fish and Game, Program 50-Spill Prevention and Response, payable from the Oil Spill Prevention and Administration Fund .....	900,000
3600-301-0005—For capital outlay, Department of Fish and Game, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund .....	1,768,000
Schedule:	
(1) 90.02.01-Elkhorn Slough Ecological Reserve Research and Education Center—Preliminary plans, working drawings .....	250,000
(2) 90.07.100-Minor Projects .....	1,518,000
3600-301-0140—For capital outlay, Department of Fish and Game, payable from the Environmental License Plate Fund.....	572,000
Schedule:	
(1) 90.07.100-Minor Projects .....	572,000
3600-301-0200—For capital outlay, Department of Fish and Game, payable from the Fish and Game Preservation Fund.....	1,340,000
Schedule:	
(1) 90.88.020-Project Planning .....	160,000
(2) 90.07.100-Minor Projects .....	1,280,000
(3) Reimbursements-Project Planning ..	-100,000
3600-301-0320—For capital outlay, Department of Fish and Game, payable from the Oil Spill Prevention and Administration Fund.....	88,000
Schedule:	
(1) 90.07.100-Minor Projects .....	88,000
3600-301-0890—For capital outlay, Department of Fish and Game, payable from the Federal Trust Fund ....	14,000

Item	Amount
Schedule:	
(1) 90.02.001-Elkhorn Slough Ecological Reserve Research and Education Center—Working drawings ...	14,000
3600-490—Reappropriation, Department of Fish and Game. Notwithstanding any other provision of law, the balance of the appropriation provided in the following citation is reappropriated to the Department of Fish and Game for the purposes and subject to the limitations, unless otherwise specified, provided in that appropriation and is available for expenditure until June 30, 2003:	
0001—General Fund	
(1) Item 3600-001-0001, Budget Act of 2001 (Ch. 106, Stats. 2001)	
(2) 25-Hunting, Fishing & Public Use. The balance of the \$4,723,000 provided for the Automated License Data System is reappropriated for the program in fiscal year 2002–03, subject to the limitations provided in the appropriation.	
3640-001-0001—For support of Wildlife Conservation Board, payable to Item 3640-001-0447.....	431,000
3640-001-0005—For support of Wildlife Conservation Board, payable to Item 3640-001-0447, from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund .....	379,000
3640-001-0140—For support of Wildlife Conservation Board, payable to Item 3640-001-0447, from the California Environmental License Plate Fund .....	246,000
3640-001-0262—For support of Wildlife Conservation Board, payable to Item 3640-001-0447, from the Habitat Conservation Fund.....	336,000
Provisions:	
1. The amount appropriated in this item shall be available to the Wildlife Conservation Board for administrative costs associated with the California Wildlife Protection Act of 1990, and the requirements of the Habitat Conservation Fund.	
3640-001-0447—For support of Wildlife Conservation Board, payable from the Wildlife Restoration Fund .....	799,000
Schedule:	
(1) 10-Wildlife Conservation Board.....	2,600,000
(2) Amount payable from the General Fund (3640-001-0001) .....	-431,000

Item	Amount
(3) Amount payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Item 3640-001-0005).	-379,000
(4) Amount payable from the California Environmental License Plate Fund (Item 3640-001-0140).....	-246,000
(5) Amount payable from the Habitat Conservation Fund (Item 3640-001-0262) .....	-336,000
(6) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 3640-001-6029).....	-409,000

Provisions:

1. Of the funds appropriated by this act from the General Fund, special funds, or bond funds to the Wildlife Conservation Board for local assistance or capital outlay, upon approval of the Department of Finance, the board may allocate an amount not to exceed 1.5 percent of each project's allocation to provide for the department's costs to administer the projects.

3640-001-6029—For support of Wildlife Conservation Board, for payment to Item 3640-001-0447, from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Bond Fund .....	409,000
3640-011-0447—For transfer by the Controller from the Wildlife Restoration Fund to the General Fund.....	(2,800,000)
3640-301-0262—For capital outlay, Wildlife Conservation Board, payable from the Habitat Conservation Fund .....	20,664,000

Schedule:

- (1) 80.10.000-Wildlife Conservation Board Projects (Unscheduled) .....

Provisions:

1. The funds appropriated in this item are provided in accordance with the Wildlife Conservation Law of 1947 and, therefore, shall not be subject to Public Works Board review.
2. The amount appropriated in this item is available for expenditure for capital outlay or local assistance until June 30, 2005.

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3640-301-0447—For capital outlay, Wildlife Conservation Board, payable from the Wildlife Restoration Fund, in lieu of the appropriation made by the Wildlife Conservation Law of 1947.....	500,000
Schedule:	
(1) 80.10.010-Minor Projects .....	500,000
Provisions:	
1. The funds appropriated in this item are provided in accordance with the provisions of the Wildlife Conservation Law of 1947 and, therefore, shall not be subject to Public Works Board review.	
2. The amount appropriated in this item is available for expenditure for capital outlay or local assistance.	
3640-302-6029—For capital outlay, Wildlife Conservation Board, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Bond Fund.....	2,500,000
Schedule:	
(1) 80.10.603.000-San Joaquin River Conservancy—Project and acquisition .....	5,000,000
(2) Reimbursements.....	-2,500,000
Provisions:	
1. The funds in this item are provided in accordance with the Wildlife Conservation Law of 1947 and, therefore, are not subject to review by the State Public Works Board.	
2. The amount appropriated in this item is available for expenditure for capital outlay or local assistance until June 30, 2005.	
3. The funds appropriated in this item shall be allocated to the San Joaquin River Conservancy for purposes consistent with the conservancy’s mission.	
3640-311-0001—For transfer by the Controller to the Habitat Conservation Fund.....	21,301,000
Provisions:	
1. The funds transferred by this item shall be used for purposes consistent with the requirements of the Habitat Conservation Fund.	
2. The amounts transferred by this item may be adjusted to reflect the requirements of subdivision (a) of Section 2796 of the Fish and Game Code.	

Item	Amount
3640-495—Reversion, Wildlife Conservation Board. The unencumbered balance, as of June 30, 2002, of the appropriation made in the following citation shall revert to the fund from which the appropriation was made: 0001—General Fund (1) Item 3640-301-0001, Provision 3, Budget Act of 2000 (Ch. 52, Stats. 2000) (2) 80.10.500-Wetlands Restoration and Acquisition	
3680-001-0516—For support of Department of Boating and Waterways, payable from the Harbors and Watercraft Revolving Fund .....	17,088,000
Schedule:	
(1) 10-Boating Facilities .....	14,651,000
(2) 20-Boating Operations.....	6,388,000
(3) 30-Beach Erosion Control .....	217,000
(4) 40.01-Administration.....	2,168,000
(5) 40.02-Distributed Administration ...	-2,168,000
(6) Reimbursements.....	-15,000
(7) Amount payable from the Federal Trust Fund (Item 3680-001-0890).	-4,153,000
Provisions:	
1. Notwithstanding Section 85.2 of the Harbors and Navigation Code, \$209,000 of the funds appropriated in this item shall be expended for support of the Department of Boating and Waterways beach erosion control program.	
3680-001-0890—For support of Department of Boating and Waterways, for payment to Item 3680-001-0516, payable from the Federal Trust Fund.....	4,153,000
3680-011-0560—For transfer by the Controller, upon order of the Director of Finance, from the Small Craft Harbor Improvement Fund, to the General Fund.....	(4,800,000)
3680-101-0516—For local assistance, Department of Boating and Waterways, payable from the Harbors and Watercraft Revolving Fund.....	54,326,000
Schedule:	
(1) 10-Boating Facilities .....	41,866,000
(a) Launching Facility Grants .....	(16,665,000)
(1) Alviso Marina County Park BLF .	(304,000)
(2) Black Point BLF....	(80,000)
(3) Buckley Cove BLF.	(100,000)
(4) Camp Far West Reservoir North Recreation Area....	(150,000)

Item	Amount
(5) Canyon Dam BLF .	(150,000)
(6) Chula Vista BLF....	(378,000)
(7) Cottage Creek BLF.	(85,000)
(8) Crescent City Harbor BLF .....	(85,000)
(9) Cuttings Wharf BLF .....	(80,000)
(10) El Dorado BLF....	(460,000)
(11) Fairview BLF .....	(1,000,000)
(12) Floating Restrooms.....	(500,000)
(13) Granada BLF.....	(676,000)
(14) Jack Smith Park Bureau Bay .....	(174,000)
(15) Louis Park BLF ...	(792,000)
(16) Mendota-Delta BLF .....	(1,127,000)
(17) Morelli Park BLF..	(2,367,000)
(18) Pepper Park BLF .	(378,000)
(19) Ramp Repair & Extension .....	(1,000,000)
(20) Red Hill Marina..	(1,700,000)
(21) Shelter Island BLF	(378,000)
(22) Signs .....	(50,000)
(23) South Harbor BLF	(264,000)
(24) Spalding Tract.....	(2,410,000)
(25) Tisdale BLF .....	(960,000)
(26) West Bend/Riverbend Corridor BLF .....	(917,000)
(27) Vessel Pumpouts..	(100,000)
(b) Public Small Craft Harbor Loans..	(19,298,000)
(1) Alamitos Bay-Basin 4.....	(2,000,000)
(2) Bay Street Bulkhead .....	(200,000)
(3) Berkeley Marina ...	(2,000,000)
(4) Emergency Loans .	(500,000)
(5) Los Cerritos Channel Basin 8.....	(1,000,000)
(6) McClure Point .....	(767,000)
(7) Planning Loans .....	(200,000)
(8) Port of San Diego..	(4,031,000)
(9) Stockton Waterfront Marina .....	(8,600,000)
(c) Private Loans .....	(3,750,000)
(d) Clean Vessel Act Grant Program....	(753,000)

Item	Amount
(e) Boating Trails .....	(300,000)
(f) Boating Infrastructure Grant Program.....	(1,100,000)
(2) 20-Boating Operations.....	9,825,000
(3) 30-Beach Erosion Control .....	6,513,000
(4) Amount payable from the Abandoned Watercraft Abatement Fund (Item 3680-101-0577) .....	-750,000
(5) Amount payable from the Federal Trust Fund (Item 3680-101-0890).	-3,128,000
Provisions:	
1. Of the funds appropriated in Schedule (2), Program 20-Boating Operations, \$8,100,000 is for boating safety and enforcement programs pursuant to Section 663.7 of the Harbors and Navigation Code.	
3680-101-0577—For local assistance, Department of Boating and Waterways, for payment to Item 3680-101-0516, payable from the Abandoned Watercraft Abatement Fund .....	750,000
3680-101-0890—For local assistance, Department of Boating and Waterways, for payment to Item 3680-101-0516, payable from the Federal Trust Fund.....	3,128,000
Provisions:	
1. Of the amount appropriated in this item, \$925,000 shall be for grants to local governments for boating safety and law enforcement, 15 percent of which shall be allocated according to the department’s discretion, and 85 percent of which shall be allocated by the department in accordance with the following priorities:	
First—To local governments that are eligible for state aid because they are spending all their local boating revenue on boating enforcement and safety, but are not receiving sufficient state funds to meet their calculated need as defined in Section 663.7 of the Harbors and Navigation Code.	
Second—To local governments that are not spending all local boating revenue on boating enforcement and safety, and whose boating revenue does not equal their calculated need. Local assistance shall not exceed the difference between the calculated need and local boating revenue.	
Third—To local governments whose boating revenue exceeds their need, but who are not spending sufficient local revenue to meet their calculated need.	

Item	Amount
3680-301-0516—For capital outlay, Department of Boating and Waterways, payable from the Harbors and Watercraft Revolving Fund .....	9,792,000
Schedule:	
(1) 50.12.020-Humboldt Bay: Boat Instruction and Safety Center—Working drawings and construction.....	3,822,000
(2) 50.30.040-Brannan Island: Boat launching facility—Preliminary plans .....	230,000
(3) 50.34.031-Lake Natoma: Boating Instruction and Safety Center, Phase II—Preliminary plans .....	128,000
(4) 50.36.010-Silverwood Lake: Boating Facility Renovation—Preliminary plans .....	136,000
(5) 50.56.010-Channel Islands: Boating Instruction and Safety Center—Working drawings.....	310,000
(6) 50.99.010-Project Planning .....	135,000
(7) 50.99.020-Minor Projects .....	5,031,000
Provisions:	
1. Funds appropriated in Schedule (6) are available for expenditure by the Department of Boating and Waterways upon approval of the Department of Finance to be used to develop design information or cost information for new construction projects for which funds have not been appropriated previously but which are anticipated to be included in the Governor’s Budget for the 2004–05 or 2005–06 fiscal year.	
3680-490—Reappropriation, Department of Boating and Waterways. Notwithstanding any other provision of law, the balance of the appropriation in the following citation is reappropriated and shall be available for expenditure until June 3, 2006.	
(1) Item 3680-103-0516, Budget Act of 2001 (Ch. 106, Stats. 2001), for improvements to Pier 11a in the City of San Diego to be used to the following purpose: for expenditure for the purposes of the National Defense Authorization Act for the 2002 fiscal year.	
3720-001-0001—For support of California Coastal Commission.....	10,777,000



Item	Amount
Schedule:	
(1) 10-Coastal Management Program ..	14,546,000
(2) 20-Coastal Energy Program .....	868,000
(3) 30.01-Administration.....	1,585,000
(4) 30.02-Distributed Administration ...	-1,504,000
(5) Reimbursements.....	-1,172,000
(6) Amount payable from California Beach and Coastal Enhancement Account (Item 3720-001-0371).....	-426,000
(7) Amount payable from the Federal Trust Fund (Item 3720-001-0890).....	-3,120,000
3720-001-0371—For support of California Coastal Commission, for payment to Item 3720-001-0001, payable from the California Beach and Coastal Enhancement Account, California Environmental License Plate Fund .....	426,000
3720-001-0890—For support of California Coastal Commission, for payment to Item 3720-001-0001, payable from the Federal Trust Fund .....	3,120,000
3720-101-0001—For local assistance, California Coastal Commission .....	500,000
Schedule:	
(1) 10-Coastal Management Program ..	500,000
3720-101-0371—For local assistance, California Coastal Commission, payable from California Beach and Coastal Enhancement Account, California Environmental License Plate Fund .....	509,000
Schedule:	
(1) 10-Coastal Management Program ..	509,000
3720-295-0001—For local assistance, California Coastal Commission, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller .....	0
Schedule:	
(1) 98.01.133.076-Local coastal plans (Ch. 1330, Stats. 1976) .....	0
Provisions:	
1. Pursuant to Section 17581 of the Government Code, the mandate identified in the appropriation schedule of this item with an appropriation of \$0 and included in the language of this provision is	

Item	Amount
specifically identified by the Legislature for suspension during the 2002–03 fiscal year:	
(1) Local coastal plans (Ch. 1330, Stats. 1976)	
3760-001-0005—For support of State Coastal Conservancy, for payment to Item 3760-001-0565, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund.....	1,500,000
3760-001-0565—For support of State Coastal Conservancy, payable from the State Coastal Conservancy Fund .....	3,877,000
Schedule:	
(1) 15-Coastal Resource Development.	4,040,000
(2) 25-Coastal Resource Enhancement.	2,259,000
(3) 90.01-Administration and Support .	2,145,000
(4) 90.02-Distributed Administration.....	-2,145,000
(5) Reimbursements.....	-106,000
(7) Amount payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Item 3760-001-0005).	-1,500,000
(8) Amount payable from the Federal Trust Fund (Item 3760-001-0890).....	-111,000
(9) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 3760-001-6029).....	-705,000
Provisions:	
1. Notwithstanding any other provision of law, upon approval and order of the Department of Finance, the State Coastal Conservancy may borrow sufficient funds from the State Coastal Conservancy Fund to meet cashflow needs due to delays in collecting reimbursements. Any loan made by the Department of Finance pursuant to this provision may be made only if the State Coastal Conservancy has a valid contract or certification signed by the agency providing the reimbursements, which demonstrates that sufficient funds will be available to repay the loan. All money so transferred shall be repaid to the State Coastal Conservancy Fund as soon as possible, but not later than one year from the date of the loan.	
2. Of the funds appropriated by this act from the General Fund, special funds, or bond funds to the	

Item	Amount
State Coastal Conservancy for local assistance or capital outlay, upon approval of the Department of Finance, the conservancy may allocate an amount not to exceed 1.5 percent of each project's allocation to provide for the department's costs to administer the projects.	
3760-001-0890—For support of State Coastal Conservancy, for payment to Item 3760-001-0565, payable from the Federal Trust Fund .....	111,000
3760-001-6029—For support of State Coastal Conservancy, for payment to Item 3760-001-0565, from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund.....	705,000
3760-301-0005—For capital outlay, State Coastal Conservancy, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund .....	12,391,000
Schedule:	
(1) 80.01.024-Salmon Habitat Restoration Program.....	2,750,000
(2) 80.93.025-Coastal Resource Enhancement .....	10,441,000
(3) Reimbursements.....	-800,000
Provisions:	
1. (a) The State Coastal Conservancy shall not enter into a grant contract with a nonprofit organization or local government for property acquisition unless the grant contract provides a reversionary interest to the state that specifies that the property shall not revert to the state without review and approval by the State Coastal Conservancy and the State Public Works Board.	
(b) The State Coastal Conservancy shall not enter into a grant contract with a nonprofit organization or local government for property acquisition that provides for a state leasehold interest in property acquired by a nonstate public agency with grant funds of the State Coastal Conservancy unless the Director of General Services approves the lease terms.	
(c) Except for the above, the expenditures of funds for grants to nonstate public agencies and nonprofit organizations shall be exempt from State Public Works Board review.	

Item	Amount
2. The amount appropriated in this item is available for encumbrance for either capital outlay or local assistance until June 30, 2005.	
3. Notwithstanding any other provision of law, upon approval and order of the Department of Finance, the State Coastal Conservancy may borrow sufficient funds from the State Coastal Conservancy Fund to meet cashflow needs due to delays in collecting reimbursements. Any loan made by the Department of Finance pursuant to this provision may be made only if the State Coastal Conservancy has a valid contract or certification signed by the agency providing the reimbursements, which demonstrates that sufficient funds will be available to repay the loan. All money so transferred shall be repaid to the State Coastal Conservancy Fund as soon as possible, but not later than one year from the date of the loan.	
3760-301-0262—For capital outlay, State Coastal Conservancy, payable from the Habitat Conservation Fund .....	4,000,000
Schedule:	
(1) 80.93.025-Coastal Resource Enhancement .....	4,700,000
(2) Reimbursements .....	-700,000
Provisions:	
1. (a) The State Coastal Conservancy shall not enter into a grant contract with a nonprofit organization or local government for property acquisition unless the grant contract provides a reversionary interest to the state that specifies that the property shall not revert to the state without review and approval by the State Coastal Conservancy and the State Public Works Board.	
(b) The State Coastal Conservancy shall not enter into a grant contract with a nonprofit organization or local government for property acquisition that provides for a state leasehold interest in property acquired by a nonstate public agency with grant funds of the State Coastal Conservancy unless the Director of General Services approves the lease terms.	
(c) Except for the above, the expenditures of funds for grants to nonstate public agencies and nonprofit organizations shall be exempt from State Public Works Board review.	

Item	Amount
2. The funds appropriated in this item are available for encumbrance for either capital outlay or local assistance without regard to fiscal year.	
3. Notwithstanding any other provision of law, upon approval and order of the Department of Finance, the State Coastal Conservancy may borrow sufficient funds from the State Coastal Conservancy Fund to meet cashflow needs due to delays in collecting reimbursements. Any loan made by the Department of Finance pursuant to this provision may be made only if the State Coastal Conservancy has a valid contract or certification signed by the agency providing the reimbursements, which demonstrates that sufficient funds will be available to repay the loan. All money so transferred shall be repaid to the State Coastal Conservancy Fund as soon as possible, but not later than one year from the date of the loan.	
3760-301-0371—For capital outlay, State Coastal Conservancy, payable from the California Beach and Coastal Enhancement Account, California Environmental License Plate Fund .....	400,000
Schedule:	
(1) 80.93.015-Coastal Resources Development .....	500,000
(2) Reimbursements .....	-100,000
Provisions:	
1. (a) The State Coastal Conservancy shall not enter into a grant contract with a nonprofit organization or local government for property acquisition unless the grant contract provides a reversionary interest to the state that specifies that the property shall not revert to the state without review and approval by the State Coastal Conservancy and the State Public Works Board.	
(b) The State Coastal Conservancy shall not enter into a grant contract with a nonprofit organization or local government for property acquisition that provides for a state leasehold interest in property acquired by a nonstate public agency with grant funds of the State Coastal Conservancy unless the Director of General Services approves the lease terms.	
(c) Except for the above, the expenditures of funds for grants to nonstate public agencies	

Item	Amount
<p style="padding-left: 40px;">and nonprofit organizations shall be exempt from State Public Works Board review.</p> <p>2. The amount appropriated in this item is available for encumbrance for either capital outlay or local assistance until June 30, 2005.</p>	
<p>3760-301-0593—For capital outlay, State Coastal Conservancy, payable from the Coastal Access Account, State Coastal Conservancy Fund .....</p>	600,000
<p>Schedule:</p> <p>(1) 80.97.030-Conservancy Programs .. 800,000</p> <p>(2) Reimbursements..... -200,000</p>	
<p>Provisions:</p> <p>1. (a) The State Coastal Conservancy shall not enter into a grant contract with a nonprofit organization or local government for property acquisition unless the grant contract provides a reversionary interest to the state that specifies that the property shall not revert to the state without review and approval by the State Coastal Conservancy and the State Public Works Board.</p> <p>(b) The State Coastal Conservancy shall not enter into a grant contract with a nonprofit organization or local government for property acquisition that provides for a state leasehold interest in property acquired by a nonstate public agency with grant funds of the State Coastal Conservancy unless the Director of General Services approves the lease terms.</p> <p>(c) Except for the above, the expenditures of funds for grants to nonstate public agencies and nonprofit organizations shall be exempt from State Public Works Board review.</p> <p>2. The amount appropriated in this item is available for encumbrance for either capital outlay or local assistance until June 30, 2005.</p>	
<p>3760-301-0890—For capital outlay, State Coastal Conservancy, payable from the Federal Trust Fund.....</p>	2,000,000
<p>Schedule:</p> <p>(1) 80.97.030-Conservancy Programs .. 2,000,000</p>	
<p>Provisions:</p> <p>1. (a) The State Coastal Conservancy shall not enter into a grant contract with a nonprofit organization or local government for property acquisition unless the grant contract provides a reversionary interest to the state that specifies that the property shall not revert to the state</p>	

Item

Amount

without review and approval by the State Coastal Conservancy and the State Public Works Board.

(b) The State Coastal Conservancy shall not enter into a grant contract with a nonprofit organization or local government for property acquisition that provides for a state leasehold interest in property acquired by a nonstate public agency with grant funds of the State Coastal Conservancy unless the Director of General Services approves the lease terms.

(c) Except for the above, the expenditures of funds for grants to nonstate public agencies and nonprofit organizations shall be exempt from State Public Works Board review.

2. The funds appropriated in this item are available for encumbrance for either capital outlay or local assistance until June 30, 2005.

3760-301-6029—For capital outlay, State Coastal Conservancy, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund ..... 160,000,000

Schedule:

(1) 80.97.030-Conservancy Programs ..140,000,000

(2) 80.00.023-San Francisco Bay Conservancy Program .....23,000,000

(3) Reimbursements.....-3,000,000

Provisions:

1. (a) The State Coastal Conservancy shall not enter into a grant contract with a nonprofit organization or local government for property acquisition unless the grant contract provides a reversionary interest to the state that specifies that the property shall not revert to the state without review and approval by the State Coastal Conservancy and the State Public Works Board.

(b) The State Coastal Conservancy shall not enter into a grant contract with a nonprofit organization or local government for property acquisition that provides for a state leasehold interest in property acquired by a nonstate public agency with grant funds of the State Coastal Conservancy unless the Director of General Services approves the lease terms.

Item	Amount
<ul style="list-style-type: none"> <li>(c) Except for the above, the expenditures of funds for grants to nonstate public agencies and nonprofit organizations shall be exempt from State Public Works Board review.</li> <li>2. The amount appropriated in this item is available for encumbrance for either capital outlay or local assistance until June 30, 2005.</li> </ul>	
3760-490—Reappropriation—State Coastal Conservancy. Notwithstanding any other provision of law, funds appropriated in the following citation are available for liquidation until June 30, 2003: 0545-River Parkway Subaccount	
<ul style="list-style-type: none"> <li>(1) Item 3760-301-0545, Budget Act of 1997 (Ch. 282, Stats. 1997)</li> </ul>	
3760-491—Reappropriation, State Coastal Conservancy. Notwithstanding any other provision of law, the balance of the appropriation provided in the following citation is reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for in the appropriation: 0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund	
<ul style="list-style-type: none"> <li>(1) Item 3760-302-0005(2)(Z), Budget Act of 2000 (Ch. 52, Stats. 2000) State Coastal Conservancy: Santa Cruz Depot Project and Tai Property, Santa Cruz County—to be cost-shared.</li> </ul>	
3780-001-0001—For support of Native American Heritage Commission, Program 10 .....	327,000
3790-001-0001—For support of Department of Parks and Recreation .....	122,523,500
Schedule:	
<ul style="list-style-type: none"> <li>(1) For support of the Department of Parks and Recreation .....</li> <li>(2) Reimbursements.....</li> <li>(3) Less funding provided by capital outlay .....</li> <li>(4) Amount payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Item 3790-001-0005).....</li> <li>(5) Amount payable from the California Environmental License Plate Fund (Item 3790-001-0140).....</li> <li>(6) Amount payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund (Item 3790-001-0235) .....</li> </ul>	<ul style="list-style-type: none"> <li>287,165,500</li> <li>-11,958,000</li> <li>-1,744,000</li> <li>-22,837,000</li> <li>-115,000</li> <li>-13,694,000</li> </ul>



Item	Amount
(7) Amount payable from the Off-Highway Vehicle Trust Fund (Item 3790-001-0263) .....	-22,235,000
(8) Amount payable from the State Parks and Recreation Fund (Item 3790-001-0392) .....	-73,120,000
(9) Amount payable from the Winter Recreation Fund (Item 3790-001-0449).....	-287,000
(10) Amount payable from the Harbors and Watercraft Revolving Fund (Item 3790-001-0516) .....	-638,000
(11) Amount payable from the Federal Trust Fund (Item 3790-001-0890).	-2,948,000
(12) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 3790-001-6029).....	-15,066,000
<b>Provisions:</b>	
1. Of the funds appropriated by this act from the General Fund and special funds, other than the Off-Highway Vehicle Trust Fund and bond funds, to the Department of Parks and Recreation for local assistance grants to local agencies, the department may allocate an amount not to exceed 1.5 percent of each project's allocation to provide for the department's costs to administer these grants.	
2. It is the intent of the Legislature that salaries, wages, operating expenses, and positions associated with implementing specific Department of Parks and Recreation capital outlay projects continue to be funded through capital outlay appropriations, and that these funds and related position authority should also be reflected in the department's state operations budget in the Governor's Budget and Budget Bill with an offsetting payable from the capital outlay appropriation.	
3790-001-0005—For support of Department of Parks and Recreation, for payment to Item 3790-001-0001, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund .....	22,837,000
3790-001-0140—For support of Department of Parks and Recreation, for payment to Item 3790-001-0001, payable from the California Environmental License Plate Fund.....	115,000

Item	Amount
3790-001-0235—For support of Department of Parks and Recreation, for payment to Item 3790-001-0001, payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund.....	13,694,000
3790-001-0263—For support of Department of Parks and Recreation, for payment to Item 3790-001-0001, payable from the Off-Highway Vehicle Trust Fund .....	22,235,000
3790-001-0392—For support of Department of Parks and Recreation, for payment to Item 3790-001-0001, payable from the State Parks and Recreation Fund .....	73,120,000
3790-001-0449—For support of Department of Parks and Recreation, for payment to Item 3790-001-0001, payable from the Winter Recreation Fund .....	287,000
3790-001-0516—For support of Department of Parks and Recreation, for payment to Item 3790-001-0001, payable from the Harbors and Watercraft Revolving Fund .....	638,000
3790-001-0890—For support of Department of Parks and Recreation, for payment to Item 3790-001-0001, payable from the Federal Trust Fund.....	2,948,000
3790-001-6029—For support of Department of Parks and Recreation, for payment to Item 3790-001-0001, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund .....	15,066,000
3790-011-0062—For transfer by the Controller to the State Parks and Recreation Fund, as prescribed by subdivision (a) of Section 2107.7 of the Streets and Highways Code, for expenditure by the Department of Parks and Recreation for maintenance and repair of highways in units of the State Park System, payable from the Highway Users Tax Account, Transportation Tax Fund .....	(3,400,000)
3790-011-0392—For transfer by the Controller from the State Parks and Recreation Fund to the General Fund .....	(19,800,000)
3790-012-0061—For transfer by the Controller from the Motor Vehicle Fuel Account, Transportation Tax Fund to the State Parks and Recreation Fund .....	(26,649,000)
Provisions:	
1. Notwithstanding any other provision of law, of the amount that would have transferred to the Harbors and Watercraft Revolving Fund from the Motor Vehicle Fuel Account, Transportation Tax Fund, the amount of this item shall be available	

Item	Amount
for transfer from the Motor Vehicle Fuel Account, Transportation Tax Fund to the State Parks and Recreation Fund.	
2. Of the transfer specified in this item, \$15,000,000 is a loan to the State Parks and Recreation Fund. It is the intent of the Legislature that repayment of this loan be made to the Harbors and Watercraft Revolving Fund no later than June 30, 2006, so as to ensure that the programs supported by this fund are not adversely affected.	
3790-101-0001—For local assistance, Department of Parks and Recreation .....	250,000
Schedule:	
(1) 80.28-Local Projects.....	250,000
(a) Boys and Girls Club of Napa Valley.....	(250,000)
3790-101-0005—For local assistance, Department of Parks and Recreation, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund, to be available for expenditure through fiscal year 2004–05 .....	17,121,000
Schedule:	
(1) 80.25-Recreational Grants .....	17,121,000
(a) Urban Centers and Educational Facilities .....	(7,675,000)
(b) Riparian and Riverine Habitat.....	(9,446,000)
Provisions:	
1. The funds appropriated in this item shall be available for encumbrance for three years after the date upon which it first became available for encumbrance. Disbursements in liquidation of encumbrances shall be made before or during five years following the last day the appropriation is available for encumbrance.	
3790-101-0262—For local assistance, Department of Parks and Recreation, payable from the Habitat Conservation Fund, to be available for expenditure through fiscal year 2004–05 .....	2,086,000
Schedule:	
(1) 80.25-Recreational Grants .....	2,086,000
Provisions:	
1. The funds appropriated by this item shall be available only for projects submitted to the Department of Parks and Recreation for consideration during	

Item	Amount
the evaluation process for the Habitat Conservation Fund Program.	
3790-101-0263—For local assistance, Department of Parks and Recreation, payable from the Off-Highway Vehicle Trust Fund, for grants to cities, counties, federal agencies or special districts, as specified in Section 5090.50 of the Public Resources Code, to be available for expenditure through fiscal year 2004–05 .....	16,400,000
Schedule:	
(1) 80.12-OHV Grants .....	16,400,000
3790-101-0858—For local assistance, Department of Parks and Recreation, payable from the Recreational Trails Fund, to be available for expenditure through fiscal year 2004–05 .....	4,000,000
Schedule:	
(1) 80.12-OHV Grants .....	1,200,000
(2) 80.25-Recreational Grants .....	2,800,000
Provisions:	
1. The funds appropriated in Schedules (1) and (2) shall be available for expenditure for local assistance or capital outlay.	
2. Of the funds appropriated, the department may allocate, to the maximum extent allowable under federal law, the amount necessary to provide for the department’s costs to administer these grants.	
3. Grants may be made to nonprofit organizations and government entities.	
3790-101-0890—For local assistance, Department of Parks and Recreation, payable from the Federal Trust Fund, to be available for expenditure through fiscal year 2004–05 .....	21,334,000
Schedule:	
(1) 80.25-Recreational Grants .....	20,140,000
(2) 80.30-Historic Preservation Grants .....	1,194,000
Provisions:	
1. The funds appropriated in Schedules (1) and (2) shall be available for expenditure for local assistance or capital outlay.	
3790-101-6029—For support of Department of Parks and Recreation, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Fund .....	172,900,000
Schedule:	
(1) 80.28-Local Projects.....	172,900,000
(a) Urban Park Grants .....	(127,400,000)

Item	Amount
(b) Murray-Hayden Competitive Grants ..... (45,500,000)	
3790-301-0005—For capital outlay, Department of Parks and Recreation, payable from the Safe Neighbor- hood Parks, Clean Water, Clean Air, and Coastal Pro- tection Bond Fund .....	35,730,000
Schedule:	
(1) 90.2W.101-Prairie Creek Redwoods SP: Public Use Improvements— Working drawings .....	159,000
(2) 90.3B.102-Humboldt Redwoods SP: Replace Five Restroom Buildings—Preliminary plans .....	94,000
(3) 90.5N.101-Mount Diablo SP: Road System Improvements—Prelim- inary plans and working drawings.	613,000
(4) 90.5R.101-Fort Ross SHP: Recon- struct Historic Fur Warehouse —Working drawings .....	370,000
(4.5) 90.6F.101-Angel Island SP: Im- migration Station Area Restora- tion—Preliminary plans and con- struction .....	1,144,000
(5) 90.6P.101-Jack London SHP: Re- store Cottage as House Museum— Working drawings, construction and equipment .....	1,661,000
(5.5) 90.86.100-Rancho San Andres: Castro Adobe—Preliminary plans, working drawings, and construc- tion.....	613,000
(6) 90.AA.101-Folsom Powerhouse SHP: Powerhouse Stabilization— Working drawings, construction and equipment .....	2,420,000
(7) 90.AN.101-Empire Mine SHP: Public Underground Tour— Working drawings.....	97,000
(8) 90.BA.101-Big Basin Redwoods SP: Wastewater Collection/ Treatment System Improve- ments—Preliminary plans and working drawings .....	169,000
(9) 90.BC.101-New Brighton SB: Re- habilitate Campground and Day Use—Construction and equipment.	2,520,000

Item	Amount
(10) 90.C0.101-Henry W. Coe SP: Day Use Development at Dowdy Ranch—Construction and equipment.....	2,040,000
(11) 90.CB.600-Morro Bay SP: Campground and Day Use Rehabilitation—Construction .....	3,206,000
(12) 90.CG.101-Pfeiffer Big Sur SP: Park Entrance and Day Use Re-development—Working drawings .	299,000
(13) 90.CO.101-Wilder Ranch SP: Farmhouse Rehabilitation—Construction .....	2,083,000
(14) 90.DQ.101-Hearst San Simeon SHM: Hearst Road Stabilization—Construction .....	4,337,000
(15) 90.E9.101-La Purisima Mission SHP: Restore Historic Adobe Structures—Preliminary plans and working drawings .....	143,000
(16) 90.F6.101-Los Encinos SHP: De La Ossa Adobe House Museum—Working drawings, construction and equipment .....	1,091,000
(17) 90.FJ.101-Will Rogers SHP: Restore Historic Ranch House—Preliminary plans and working drawings.....	214,000
(18) 90.G1.101-Crystal Cove SP: El Morro Mobilehome Park Conversion—Working drawings and construction .....	899,000
(19) 90.GG.101-Silverwood Lake SRA: Campground and Day Use Improvements—Working drawings and construction .....	2,547,000
(20) 90.H9.101-Cardiff SB: Rebuild South Cardiff Facilities—Construction .....	2,153,000
(21) 90.HA.106-Anza-Borrego Desert SP: Visitor Center Exhibits—Preliminary plans.....	367,000
(22) 90.IL.101-Border Field SP: Develop and Rehabilitate Day Use Facilities—Working drawings.....	150,000

Item	Amount
(23) 90.IL.102-Border Field SP: Sedi- ment Basins and Road Re- alignment—Construction.....	7,649,000
(24) 90.RS.205-Statewide: Minor Capital Outlay Program—Minor projects.....	3,904,000
(25) 90.RS.416-Statewide: 2000 Bond Habitat Acquisition Program— Acquisition .....	1,237,000
(26) 90.RS.601-Statewide: Budget Development—Study .....	500,000
(27) 90.RS.810-Capital Outlay Projects—Acquisition, preliminary plans, working drawings and con- struction .....	3,000,000
(27.5) 99.AA.102-Folsom Powerhouse SHP: Visitor Center—Preliminary plans, working drawings, construc- tion, and equipment .....	1,887,000
(28) Reimbursements—Capital Outlay.	-3,000,000
(29) Reimbursements-Border Field SP—Sediment Basins and road re- alignment.....	-6,449,000
(30) Reimbursements—Folsom Power- house SHP: Visitor Center.....	-1,887,000
(31) Reimbursements—Angel Island SP: Immigration Station Area Res- toration.....	-500,000

Provisions:

1. The funds appropriated in Schedule (26) of this item shall be used to develop design information or cost information for new projects for which funds have not been appropriated previously, but which are anticipated to be included in the Governor’s Budget for the 2003–04 or 2004–05 fiscal year.
2. The funds appropriated in Schedule (29) and Schedule (23) of this item are subject to the oversight of the State Public Works Board and shall not be expended until preliminary plans and working drawings are approved.
3. Notwithstanding any other provisions of law, funds available in Schedules 5.5, 27.5, and 30 of this item shall be available for expenditure in fiscal years 2002–03, 2003–04, and 2004–05.

Item	Amount
3790-301-0140—For capital outlay, Department of Parks and Recreation, payable from the California Environmental License Plate Fund .....	248,000
Schedule:	
(1) 90.HA.105-Anza-Borrego Desert	
SP: General Plan—Study .....	248,000
3790-301-0262—For capital outlay, Department of Parks and Recreation, payable from the Habitat Conservation Fund .....	2,500,000
Schedule:	
(1) 90.RS.406-Habitat Conservation:	
Proposed Additions—Acquisition .	1,000,000
(2) 90.RS.407-Santa Lucia Mountains:	
Proposed Additions—Acquisition.....	1,500,000
3790-301-0263—For capital outlay, Department of Parks and Recreation, payable from the Off-Highway Vehicle Trust Fund .....	6,450,000
Schedule:	
(1) 90.6S.101-Hollister Hills SVRA:	
Hudner/Renz Public Use Facility—Preliminary plans .....	50,000
(2) 90.7C.101-Oceano Dunes SVRA:	
Pier Avenue Lots—Preliminary plans.....	50,000
(3) 90.A7.101-Prairie City SVRA:	
Compatible Land Use—Acquisition .....	3,805,000
(4) 90.RS.206-Statewide: OHV Minor Capital Outlay—Minor projects....	2,145,000
(5) 90.RS.405-Statewide: OHV Opportunity Purchase, Budget Packages and Prebudget Appraisal—Acquisition and study .....	400,000
Provisions:	
1. A portion of the funds appropriated in Schedule (5) shall be used to develop design information or cost information for new projects for which funds have not been appropriated previously, but which are anticipated to be included in the Governor’s Budget for the 2003–04 and 2004–05 fiscal years.	
3790-301-0786—For capital outlay, Department of Parks and Recreation, payable from the California Wildlife, Coastal and Park Land Conservation Fund of 1988.....	25,000



Item	Amount
Schedule:	
(1) 90.RS.240-Statewide: California Sno-Park Program—Minor projects.....	25,000
3790-301-0890—For capital outlay, Department of Parks and Recreation, payable from the Federal Trust Fund .....	3,700,000
Schedule:	
(1) 90.RS.801-Federal Trust Fund Program—Acquisition, preliminary plans, working drawings, and construction .....	3,700,000
3790-301-6029—For capital outlay, Department of Parks and Recreation, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund .....	55,500,000
Schedule:	
(1) 90.FJ.103-Will Rogers SHP: Restoration Historic Landscape—Preliminary plans, working drawings, and construction .....	2,000,000
(2) 90.FW.104-Topanga SP: Immediate Use and General Planning—Study, preliminary plans, working drawings, and construction .....	800,000
(3) 90.GI.102-Crystal Cove SP: Rehabilitation of Historic Cottages and Infrastructure—Preliminary plans, working drawings, and construction.....	9,200,000
(4) 90.KV.101-Los Angeles River Parkway Project: Taylor Yards, Immediate Use and General Planning—Study, preliminary plans, working drawings, and construction .....	1,650,000
(5) 90.KZ.102-Cornfields Project: Immediate Use and General Planning—Study, preliminary plans, working drawings, and construction .....	1,850,000
(6) 90.RS.224-Statewide Acquisition—Proposition 40-Acquisition .....	40,000,000
Provisions:	
1. Notwithstanding any other provisions of law, funds appropriated in this item shall be available for expenditure until June 30, 2005.	

Item	Amount
<p>3790-401—For the 2002–03 fiscal year, the balance as of July 1, 2002, deposits in, and accruals to the Conservation and Enforcement Services Account in the Off-Highway Vehicle Trust Fund shall be transferred by the State Controller to the Off-Highway Vehicle Trust Fund. All funds transferred pursuant to this item shall be available for expenditure by the Department of Parks and Recreation for purposes of conservation and enforcement activities pursuant to Sections 23 and 25 of Chapter 1027 of the Statutes of 1987 which are authorized for expenditure within Items 3790-001-0263, 3790-101-0263, and 3790-301-0263. The Controller shall make the transfers quarterly or at such intervals as determined necessary to meet the cashflow needs of the Off-Highway Vehicle Trust Fund.</p> <p>3790-490—Reappropriation, Department of Parks and Recreation. Notwithstanding any other provision of law, the balance of the appropriations provided in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for in the appropriations:  0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund</p> <p>(1) Item 3790-301-0005, Budget Act of 2001 (Ch. 106, Stats. 2001)</p> <p>(3) 90.3P.101-Sinkyone Wilderness SP: Watershed Restoration—preliminary plans and construction</p> <p>(4) 90.4C.101-Point Cabrillo Light Station and Preserve: Initial Studies for Rehabilitation—Study</p> <p>(5) 90.4C.102-Point Cabrillo Light Station and Preserve: Drainage and Erosion Control—Minor projects</p> <p>(14) 90.CO.101-Wilder Ranch SP: Farmhouse Rehabilitation—Working drawings</p> <p>(15) 90.DQ.101-Hearst San Simeon SHM: Hearst Road Stabilization—Working drawings</p> <p>(17) 90.EX.101-Malibu Creek SP: Restore Sepulveda Adobe—Study</p> <p>0263—Off-Highway Vehicle Trust Fund</p> <p>(1) Item 3790-301-0263, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 3790-490, Budget Act of 2001 (Ch. 106, Stats. 2001)</p>	

Item	Amount
(1) 90.7K.601-Carnegie SVRA: Alameda/ Tesla—Working drawings	
3790-491—Reappropriation—Department of Parks and Recreation. Notwithstanding any other provision of law, the balance of the appropriation provided for in the following citation is reappropriated for the pur- poses provided for in that appropriation and shall be available for encumbrance and expenditure until June 30, 2003:	
0263—Off-Highway Vehicle Trust Fund	
(1) Item 3790-001-0263, Budget Act of 2001 (Ch. 106, Stats. 2001)	
3810-001-0140—For support of Santa Monica Moun- tains Conservancy, payable from the California En- vironmental License Plate Fund .....	455,000
Schedule:	
(1) 10-Santa Monica Mountains Con- servancy .....	655,000
(2) Amount payable from the Califor- nia Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 3810-001- 6029).....	-200,000
Provisions:	
1. Notwithstanding Article 4 (commencing with Section 11040) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code, the Attorney General shall continue to provide legal services to the Santa Monica Mountains Conservancy consis- tent with the manner in which the Attorney Gen- eral provides legal services to state agencies that are funded by appropriations made from the Gen- eral Fund.	
2. (a) The Santa Monica Mountains Conservancy shall not encumber state appropriated funds for the purchase or acquisition of real prop- erty directly or through any public agency in- termediary, including the State Public Works Board, that requires the payment of interest costs, or late fees or penalties, unless the con- servancy certifies all of the following: (1) that the purchase is necessary to implement an ac- quisition identified in the high-priority cat- egory of the work program submitted annu- ally to the Legislature pursuant to Section 33208 of the Public Resources Code, or amendments made thereto, (2) that the pur-	

Item	Amount
<p>chase agreement does not involve interest payments or terms in excess of those that the State Public Works Board may enter into pursuant to Section 15854.1 of the Government Code, and (3) that the purchase agreement does not commit the state to future appropriations.</p> <p>(b) The Santa Monica Mountains Conservancy shall report periodically to the Legislature, but no less frequently than twice yearly, concerning the status of any purchases certified as required in (a) and the amount of state funds thus far encumbered for interest, penalties, or other principal surcharges.</p>	
<p>3810-001-6029—For support of the Santa Monica Mountains Conservancy, for payment to Item 3810-001-0140, payable from the California Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund .....</p>	200,000
<p>3810-301-0005—For capital outlay, Santa Monica Mountains Conservancy, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund.....</p> <p>Provisions:</p> <p>1. Notwithstanding any other provision of law, the funds appropriated in this item are available for encumbrance for either capital outlay or local assistance until June 30, 2005.</p>	728,000
<p>3810-301-0941—For capital outlay, Santa Monica Mountains Conservancy, payable from the Santa Monica Mountains Conservancy Fund.....</p> <p>Schedule:</p> <p>(1) 50.20.001-Capital outlay acquisitions .....</p> <p>(2) Reimbursements.....</p> <p>Provisions:</p> <p>1. Notwithstanding any other provision of law, the funds appropriated by this item are available for encumbrance for either capital outlay or local assistance until June 30, 2005.</p>	466,000
<p>3810-301-6029—For capital outlay, Santa Monica Mountains Conservancy, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund .....</p> <p>Schedule:</p> <p>(1) 50.20.001.000-Capital outlay acquisitions.....</p>	20,000,000

Item	Amount
Provisions:	
1. The funds appropriated in this item are available for expenditure for capital outlay or local assistance until June 30, 2005.	
3820-001-0001—For support of San Francisco Bay Conservation and Development Commission .....	3,748,000
Schedule:	
(1) 10-Bay Conservation and Development .....	4,384,000
(2) Reimbursements .....	-636,000
3825-001-0140—For support of San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy, payable from the California Environmental License Plate Fund.....	265,000
Schedule:	
(1) 10-San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy .....	265,000
Provisions:	
1. Acquisitions and enhancements administered pursuant to this item shall not be undertaken if they would require increased state funds for management purposes.	
3825-001-6029—For support of San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund .....	525,000
3825-301-6029—For capital outlay, San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund .....	18,000,000
Provisions:	
1. The funds appropriated in this item are available for expenditure for capital outlay or local assistance until June 30, 2005.	
3830-001-0140—For support of San Joaquin River Conservancy, payable from the California Environmental License Plate Fund .....	253,000
Schedule:	
(1) 10-San Joaquin River Conservancy. ....	253,000
Provisions:	
1. Acquisitions and enhancements administered pursuant to this item shall not be undertaken if they would require increased state funds for management purposes.	

Item	Amount
3835-001-0140—For support of Baldwin Hills Conservancy payable from the California Environmental License Plate Fund .....	262,000
Schedule:	
(1) 10-Baldwin Hills Conservancy .....	262,000
3835-301-6029—For capital outlay, Baldwin Hills Conservancy, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund .....	20,000,000
Schedule:	
(1) 20.00.000.000-Capital Outlay Acquisition and Improvement Program .....	35,000,000
(2) Reimbursements .....	-15,000,000
Provisions:	
1. The funds appropriated in this item are available for expenditure for capital outlay or local assistance until June 30, 2005.	
3840-001-0140—For support of Delta Protection Commission, payable from the California Environmental License Plate Fund .....	142,000
3840-001-0516—For support of Delta Protection Commission, payable from the Harbors and Watercraft Revolving Fund .....	162,000
3850-001-0140—For support of Coachella Valley Mountains Conservancy, payable from the California Environmental License Plate Fund .....	125,000
Schedule:	
(1) 10-Coachella Valley Mountains Conservancy .....	274,000
(2) Reimbursements .....	-115,000
(3) Amount payable from the Coachella Valley Mountains Conservancy Fund (Item 3850-001-0296) .....	-34,000
Provisions:	
1. Acquisitions and enhancements administered pursuant to this item shall not be undertaken if they would require increased state funds for management purposes.	
3850-001-0296—For support of Coachella Valley Mountains Conservancy, for payment to Item 3850-001-0140, payable from the Coachella Valley Mountains Conservancy Fund .....	34,000
3850-301-6029—For capital outlay, Coachella Valley Mountains Conservancy, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund .....	8,000,000

Item	Amount
Schedule:	
(1) 20.00.000.000-Coachella Valley Mountains Acquisition and Enhancement Projects and Costs .....	13,000,000
(2) Reimbursements.....	-5,000,000
Provisions:	
1. The funds appropriated in this item are available for expenditure for capital outlay or local assistance until June 30, 2005.	
3860-001-0001—For support of Department of Water Resources.....	79,713,000
Schedule:	
(1) 10-Continuing Formulation of the California Water Plan.....	61,056,000
(2) 15-CalFed Bay-Delta Program.....	122,283,000
(3) 20-Implementation of the State Water Resources Development System.....	3,879,000
(4) 30-Public Safety and Prevention of Damage .....	33,719,000
(4.5) 45-California Energy Resources Scheduling (CERS).....	28,161,000
(5) 40-Services .....	4,985,000
(6) 50.01-Management and Administration.....	77,403,000
(7) 50.02-Distributed Management and Administration .....	-77,403,000
(8) Reimbursements.....	-21,348,000
(9) Amount payable from the California Environmental License Plate Fund (Item 3860-001-0140).....	-378,000
(10) Amount payable from the Central Valley Project Improvement Subaccount (Item 3860-001-0404).....	-1,567,000
(11) Amount payable from the Delta Levee Rehabilitation Subaccount (Item 3860-001-0409) .....	-1,780,000
(12) Amount payable from the Feasibility Projects Subaccount (Item 3860-001-0445) .....	-1,460,000
(13) Amount payable from the Water Conservation and Groundwater Recharge Subaccount (Item 3860-001-0446) .....	-123,000
(14) Amount payable from the Energy Resources Programs Account (Item 3860-001-0465) .....	-1,754,000

Item	Amount
(15) Amount payable from the Local Projects Subaccount (Item 3860-001-0543) .....	-235,000
(16) Amount payable from the Sacramento Valley Water Management and Habitat Protection Subaccount (Item 3860-001-0544) .....	-384,000
(17) Amount payable from the 1984 State Clean Water Bond Fund (Item 3860-001-0740) .....	-2,000
(18) Amount payable from the 1986 Water Conservation and Water Quality Bond Fund (Item 3860-001-0744) .....	-181,000
(19) Amount payable from the 1988 Water Conservation Fund (Item 3860-001-0790) .....	-42,000
(20) Amount payable from the Federal Trust Fund (Item 3860-001-0890) .....	-60,240,000
(21) Amount payable from the Renewable Resources Investment Fund (Item 3860-001-0940) .....	-680,000
(21.5) Amount payable from the Electric Power Fund (Item 3860-001-3100) .....	-28,161,000
(22) Amount payable from the Flood Protection Corridor Subaccount (Item 3860-001-6005) .....	-949,000
(23) Amount payable from the Urban Stream Restoration Subaccount (Item 3860-001-6007) .....	-662,000
(24) Amount payable from the Yuba Feather Flood Protection Subaccount (Item 3860-001-6010) .....	-986,000
(25) Amount payable from the Arroyo Pasajero Watershed Subaccount (Item 3860-001-6011) .....	-627,000
(25.5) Amount payable from the River Protection Subaccount (Item 3800-001-6015) .....	-207,000
(26) Amount payable from the Water Conservation Account (Item 3860-001-6023) .....	-744,000
(26.1) Amount payable from Conjunctive Use Subaccount (Item 3860-001-6025) .....	-1,243,000



Item	Amount
(27) Amount payable from the Bay-Delta Multipurpose Water Management Subaccount (Item 3860-001-6026) .....	-29,597,000
(28) Amount payable from the Interim Water Supply and Water Quality Infrastructure and Management Subaccount (Item 3860-001-6027). .....	-420,000
(30) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund (Item 3860-001-6031) .....	-20,600,000
Provisions:	
1. The amounts appropriated in Items 3860-001-0001 to 3860-001-6031, inclusive, shall be transferred to the Water Resources Revolving Fund (0691) for direct expenditure in such amounts as the Department of Finance may authorize, including cooperative work with other agencies.	
3860-001-0140—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the California Environmental License Plate Fund.....	378,000
3860-001-0404—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Central Valley Project Improvement Subaccount.....	1,567,000
3860-001-0409—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Delta Levee Rehabilitation Subaccount.....	1,780,000
3860-001-0445—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Feasibility Projects Subaccount.....	1,460,000
3860-001-0446—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Water Conservation and Groundwater Recharge Subaccount.....	123,000
3860-001-0465—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Energy Resources Programs Account .....	1,754,000
3860-001-0543—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Local Projects Subaccount.....	235,000

Item	Amount
3860-001-0544—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Sacramento Valley Water Management and Habitat Protection Subaccount .....	384,000
3860-001-0740—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the 1984 State Clean Water Bond Fund ..	2,000
3860-001-0744—For support of the Department of Water Resources, for payment to Item 3860-001-0001, payable from the 1986 Water Conservation and Water Quality Bond Fund .....	181,000
3860-001-0790—For support of the Department of Water Resources, for payment to Item 3860-001-0001, payable from the 1988 Water Conservation Fund .....	42,000
3860-001-0890—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Federal Trust Fund .....	60,240,000
3860-001-0940—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Renewable Resources Investment Fund .....	680,000
3860-001-3100—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Electric Power Fund .....	28,161,000
3860-001-6005—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Flood Protection Corridor Sub-account .....	949,000
3860-001-6007—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Urban Stream Restoration Sub-account .....	662,000
3860-001-6010—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Yuba Feather Flood Protection Sub-account .....	986,000
3860-001-6011—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Arroyo Pasajero Watershed Sub-account .....	627,000
3860-001-6015—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the River Protection Subaccount .....	207,000
3860-001-6023—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Water Conservation Account .....	744,000

Item	Amount
3860-001-6025—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Conjunctive Use Subaccount .....	1,243,000
3860-001-6026—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Bay-Delta Multipurpose Water Management Subaccount .....	29,597,000
3860-001-6027—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Interim Water Supply and Water Quality Infrastructure and Management Subaccount.....	420,000
3860-001-6029—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund .....	20,600,000
Provisions:	
1. The funds appropriated in this item are only available for expenditure if the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 is not approved by the voters.	
3860-001-6031—For support of Department of Water Resources, for payment to Item 3860-001-0001, payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund.....	20,600,000
Provisions:	
1. The funds available in this item are contingent upon voter approval of the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 on the November 5, 2002, statewide general election.	
3860-011-0050—For transfer by the Controller, upon order of the Director of Finance, from the Colorado River Management Account to the General Fund....	(22,000,000)
3860-012-0502—For transfer by the Controller from the California Water Resources Development Bond Fund to the General Fund .....	(31,400,000)
3860-101-0001—For local assistance, Department of Water Resources .....	14,200,000
Schedule:	
(1) 30.20.020-Delta Levee Subventions .....	
	2,000,000
(2) 10.10-Water Management Planning. 12,200,000	
3860-101-0244—For local assistance, Department of Water Resources, payable from the Environmental Water Fund .....	6,683,000

Item	Amount
3860-101-0543—For local assistance, Department of Water Resources, payable from the Local Projects Subaccount.....	3,289,000
3860-101-0544—For local assistance, Department of Water Resources, payable from the Sacramento Valley Water Management and Habitat Protection Subaccount.....	16,185,000
3860-101-0740—For local assistance, Department of Water Resources, Program 10.29—Conservation Loans, payable from the 1984 State Clean Water Bond Fund.....	500,000
3860-101-0744—For local assistance, Department of Water Resources, Program 10.29—Conservation Loans, payable from the 1986 Water Conservation and Water Quality Bond Fund.....	1,600,000
3860-101-0790—For local assistance, Department of Water Resources, Program 10.29—Conservation Loans, payable from the 1988 Water Conservation Fund.....	8,974,000
3860-101-6005—For local assistance, Department of Water Resources, payable from the Flood Protection Corridor Subaccount.....	20,000,000
3860-101-6007—For local assistance, Department of Water Resources, payable from the Urban Stream Restoration Subaccount.....	9,500,000
3860-101-6010—For local assistance, Department of Water Resources, payable from the Yuba Feather Flood Protection Subaccount.....	4,500,000
3860-101-6023—For local assistance, Department of Water Resources, payable from the Water Conservation Account.....	47,822,000
3860-101-6025—For local assistance, Department of Water Resources, payable from the Conjunctive Use Subaccount.....	79,203,000
3860-101-6027—For local assistance, Department of Water Resources, payable from the Interim Water Supply and Water Quality Infrastructure and Management Subaccount.....	4,377,000
3860-301-0001—For capital outlay, Department of Water Resources.....	7,181,000
Schedule:	
(1) 30.95.115-American River Flood Control Project Phase I: Common Elements.....	5,376,000
(2) 30.95.202-Sacramento/San Joaquin Basins Comprehensive Study .....	1,450,000

Item	Amount
(3) 30.95.260-South Sacramento County Streams .....	624,000
(4) 30.95.297-Success Reservoir Enlargement Project .....	2,203,000
(5) Reimbursements-American River Flood Control Project Phase I: Common Elements.....	-1,613,000
(6) Reimbursements-South Sacramento County Streams .....	-187,000
(7) Reimbursements-Success Reservoir Enlargement Project.....	-672,000

Provisions:

1. The funds appropriated in this item may be expended for relocations and acquisition of land, easements, and rights-of-way, including, but not limited to, borrow pits, spoil areas, and easements for levees, clearing, flood control works, and flowage, and for appraisals, surveys, and engineering studies necessary for the completion or operation of the projects in the Sacramento and San Joaquin watersheds as authorized by Section 8617.1 and Chapters 1 (commencing with Section 12570), 2 (commencing with Section 12639), 3 (commencing with Section 12800), 3.5 (commencing with Section 12840), and 4 (commencing with Section 12850) of Part 6 of Division 6 of the Water Code. Notwithstanding Section 12585.5 of the Water Code, prior to state and federal authorization of the project and appropriation of federal construction funds by Congress and subsequent to submittal of a report to the Legislature pursuant to Section 12582.7, the amounts appropriated in this item may be expended for state costs associated with preconstruction design and engineering work conducted by the federal government and others.
2. The amounts appropriated in this item are also for advances to the federal government or payments to the federal government or others for incidental construction or reconstruction items that are an obligation of the state in connection with the completion or operation of the projects and for materials and necessary construction, reconstruction, relocation, or alterations to highways, railroads, bridges, powerlines, communication lines, pipelines, irrigation works, and other structures

Item	Amount
and facilities and for appraisals, surveys, and engineering studies incidental thereto.	
3. The funds appropriated in this item include funding for preliminary plans, working drawings, construction supervision, contract administration, and other work activities to be performed by Department of Water Resources personnel in completion of the projects.	
4. Notwithstanding Section 26.00 of this act, funds may be transferred, with the approval of the Department of Finance, between projects specified in this item and other Department of Water Resources major capital outlay projects with an active appropriation. The Director of Finance shall notify, in writing, the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, within 30 days, or such lesser time as the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may determine, prior to any transfer.	
3860-301-0413—For capital outlay, Department of Water Resources, payable from the South Delta Barriers Subaccount.....	1,000,000
Schedule:	
(1) 10.95.015-South Delta Barriers Program.....	1,000,000
3860-490—Extension of liquidation period, Department of Water Resources. Notwithstanding any other provision of law, funds appropriated in the following citation shall be available for liquidation until June 30, 2003:	
0001—General Fund	
(1) Item 3860-001-0001, Budget Act of 1999, (Ch. 50, Stats. 1999), (\$2,500,000) for purposes of the Integrated Storage Investigations Program	
3860-491—Reappropriation—Department of Water Resources. Notwithstanding any other provision of law, the balance of the appropriation provided in the following citation is reappropriated for purposes provided for in that appropriation and shall be available for encumbrance until June 30, 2005:	
6027—Interim Water Supply and Water Quality Infrastructure and Management Subaccount	
(1) Item 3860-101-6027, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 3860-492, Budget Act of 2001 (Ch. 106, Stats. 2001),	

Item	Amount
(\$6,250,000) for purposes of the Environmental Water Account	
3860-492—Reappropriation, Department of Water Resources. Notwithstanding any other provision of law, the balance of the appropriations provided in the following citations are hereby reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for in those appropriations:	
0001—General Fund	
(1) Item 3860-301-0001, Budget Act of 2000 (Ch. 52, Stats. 2000)	
(6) 30.95.303-Tuolumne River Flood Control Project—Feasibility Study	
(2) Item 3860-301-0001, Budget Act of 1999 (Ch. 50, Stats. 1999)	
(5) 30.95.280-Terminus Dam, Lake Kaweah Project	
(6) 30.95.285-Willow Slough Bypass Levee Subsidence Repair	
(8) 30.95.290-Hamilton City Feasibility Study	
(3) Item 3860-301-0001, Budget Act of 1998 (Ch. 324, Stats. 1998)	
(1.1) 30.95.111-1997 Flood Damage Repair Projects	
(4) Item 3860-301-0001, Budget Act of 1997 (Ch. 282, Stats. 1997)	
(5) 30.95.220-Upper Sacramento Area Levee Reconstruction Project	
Section 1 of Chapter 5 of the Statutes of 1997, First Extraordinary Session	
(e) 30.95.085-Cache Creek Settling Basin	
(g) 30.95.155-Mid-Valley Area Levee	

CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY

3900-001-0001—For support of State Air Resources Board, for payment to Item 3900-001-0044.....	21,663,000
3900-001-0044—For support of State Air Resources Board, payable from the Motor Vehicle Account, State Transportation Fund .....	55,654,000
Schedule:	
(1) 15-Mobile Source.....	101,157,000
(2) 25-Stationary Source .....	39,837,000
(3) 30.01-Program Direction and Support.....	10,127,000

Item	Amount
(4) 30.02-Distributed Program Direction and Support .....	-10,127,000
(5) Reimbursements .....	-5,377,000
(6) Amount payable from the General Fund (Item 3900-001-0001).....	-21,663,000
(7) Amount payable from the Air Pollution Control Fund (Item 3900-001-0115) .....	-11,302,000
(8) Amount payable from the Vehicle Inspection and Repair Fund (Item 3900-001-0421).....	-10,225,000
(9) Amount payable from the Air Toxics Inventory and Assessment Account (Item 3900-001-0434) .....	-1,109,000
(10) Amount payable from the Federal Trust Fund (Item 3900-001-0890) ..	-10,664,000
(11) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 3900-001-6029).....	-25,000,000
3900-001-0115—For support of State Air Resources Board, for payment to Item 3900-001-0044, payable from the Air Pollution Control Fund .....	11,302,000
3900-001-0421—For support of State Air Resources Board, for payment to Item 3900-001-0044, payable from the Vehicle Inspection and Repair Fund .....	10,225,000
3900-001-0434—For support of State Air Resources Board, for payment to Item 3900-001-0044, payable from the Air Toxics Inventory and Assessment Account.....	1,109,000
3900-001-0890—For support of State Air Resources Board, for payment to Item 3900-001-0044, payable from the Federal Trust Fund .....	10,664,000
3900-001-6029—For support of Air Resources Board, for payment to Item 3900-001-0044, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund.....	25,000,000
Provisions:	
1. Notwithstanding subdivision (b) of Section 44282, Section 44283, subdivision (e) of Section 44287, and Section 44299.1 of the Health and Safety Code, 20 percent of the funds made available to the State Air Resources Board in this item shall be allocated for the acquisition of clean, safe, schoolbuses for use in California’s public	



Item	Amount
schools that serve pupils in kindergarten and grades 1 to 12, inclusive.	
3900-101-0044—For local assistance, State Air Resources Board, for assistance to counties in the operation of local air pollution control districts, payable from the Motor Vehicle Account, State Transportation Fund .....	15,111,000
Schedule:	
(1) 35-Subvention .....	15,111,000
Provisions:	
1. It is the intent of the Legislature that funds appropriated in this item shall not be used to reduce the fees paid by permittees to the local air pollution control districts.	
3900-495—Reversion, State Air Resources Board. As of June 30, 2002, \$6,000,000 of the appropriation provided in the following citation shall revert to the fund from which the appropriation was made.	
0001—General Fund	
Chapter 1072 of the Statutes of 2000 (AB 2061)	
3910-001-0001—For support of California Integrated Waste Management Board, for payment to Item 3910-001-0387 .....	116,000
3910-001-0005—For support of California Integrated Waste Management Board, for payment to Item 3910-001-0387, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund .....	147,000
3910-001-0100—For support of California Integrated Waste Management Board, for payment to Item 3910-001-0387, payable from the California Used Oil Recycling Fund .....	4,433,000
Provisions:	
1. Notwithstanding subdivision (d) of Section 48653 of the Public Resources Code, the aggregate of appropriations from the California Used Oil Recycling Fund may exceed \$3,000,000 during the 2002–03 fiscal year.	
3910-001-0226—For support of California Integrated Waste Management Board, for payment to Item 3910-001-0387, payable from the California Tire Recycling Management Fund .....	27,089,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	

Item	Amount
2. Notwithstanding Section 42889 of the Public Resources Code, expenditures for administration of the Tire Recycling Program may exceed the limits set forth in subdivisions (a) and (b) of Section 42889 of the Public Resources Code.	
3910-001-0281—For support of California Integrated Waste Management Board, for payment to Item 3910-001-0387, payable from the Recycling Market Development Revolving Loan Account, Integrated Waste Management Fund.....	1,853,000
3910-001-0386—For support of California Integrated Waste Management Board, for payment to Item 3910-001-0387, payable from the Solid Waste Disposal Site Cleanup Trust Fund .....	637,000
Provisions:	
1. Notwithstanding Section 48020 of the Public Resources Code, expenditures for administration of the Solid Waste Cleanup Trust Fund Program may exceed the limits set forth in subdivision (c) of Section 48020 of the Public Resources Code.	
3910-001-0387—For support of California Integrated Waste Management Board, payable from the Integrated Waste Management Account, Integrated Waste Management Fund.....	36,279,000
Schedule:	
(1) 11-Waste Reduction and Management.....	79,576,000
(2) 30.01-Administration.....	9,030,000
(3) 30.02-Distributed Administration ...	-9,030,000
(4) Reimbursements.....	-585,000
(5) Amount payable from General Fund (Item 3910-001-0001) .....	-116,000
(6) Amount payable from Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Item 3910-001-0005).....	-147,000
(7) Amount payable from California Used Oil Recycling Fund (Item 3910-001-0100) .....	-4,433,000
(8) Amount payable from California Used Oil Recycling Fund (paragraph (4) of subdivision (a) of Section 48653 of the Public Resources Code) .....	-4,000,000

Item	Amount
(9) Amount payable from California Used Oil Recycling Fund (paragraph (1) of subdivision (a) of Section 48653 of the Public Resources Code) .....	-2,336,000
(10) Amount payable from California Tire Recycling Management Fund (Item 3910-001-0226) .....	-27,089,000
(11) Amount payable from Recycling Market Development Revolving Loan Account, Integrated Waste Management Fund (Item 3910-001-0281) .....	-1,853,000
(12) Amount payable from Solid Waste Disposal Site Cleanup Trust Fund (Item 3910-001-0386) .....	-637,000
(13) Amount payable from Farm and Ranch Solid Waste Cleanup and Abatement Account (Item 3910-001-0558) .....	-1,035,000
(14) Amount payable from Federal Trust Fund (Item 3910-001-0890).	-66,000
(15) Amount payable from Rigid Container Account (Item 3910-001-3024).....	-1,000,000
Provisions:	
1. Notwithstanding subdivision (h) of Section 42023.1 of the Public Resources Code, the California Integrated Waste Management Board may offset the costs of administering the revolving loan program for Recycling Market Development Zones with funds appropriated in this item.	
2. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
3910-001-0558—For support of California Integrated Waste Management Board, for payment to Item 3910-001-0387, payable from the Farm and Ranch Solid Waste Cleanup and Abatement Account.....	1,035,000
Provisions:	
1. Notwithstanding Section 48100 of the Public Resources Code, expenditures for administration of the Farm and Ranch Solid Waste Cleanup and Abatement Grant Program may exceed the limits set forth in paragraph (3)(A) of subdivision (c) of Section 48100 of the Public Resources Code.	

Item	Amount
3910-001-0890—For support of California Integrated Waste Management Board, for payment to Item 3910-001-0387, payable from the Federal Trust Fund .....	66,000
3910-001-3024—For support of California Integrated Waste Management Board, for payment to Item 3910-001-0387, payable from the Rigid Container Account .....	1,000,000
3910-003-0100—For transfer by the Controller, upon notification by the board, of an amount not to exceed the appropriation in this item, from the California Used Oil Recycling Fund to the Farm and Ranch Solid Waste Cleanup and Abatement Account pursuant to paragraph (2)(A) of subdivision (c) of Section 48100 of the Public Resources Code .....	(333,000)
3910-003-0226—For transfer by the Controller, upon notification by the board, of an amount not to exceed the appropriation in this item, from the California Tire Recycling Management Fund to the Farm and Ranch Solid Waste Cleanup and Abatement Account pursuant to paragraph (2)(A) of subdivision (c) of Section 48100 of the Public Resources Code.....	(333,000)
3910-003-0387—For transfer by the Controller from the Integrated Waste Management Account, Integrated Waste Management Fund, to the Recycling Market Development Revolving Loan Account as a loan pursuant to subdivision (a) of Section 42023.2 of the Public Resources Code .....	(2,000,000)
3910-004-0387—For transfer by the Controller from the Integrated Waste Management Account, Integrated Waste Management Fund, to the Solid Waste Disposal Site Cleanup Trust Fund pursuant to paragraph (1) of subdivision (c) of Section 48027 of the Public Resources Code .....	(5,000,000)
3910-005-0387—For transfer by the Controller, upon notification by the board, of an amount not to exceed the appropriation in this item, from the Integrated Waste Management Account, Integrated Waste Management Fund, to the Farm and Ranch Solid Waste Cleanup and Abatement Account pursuant to paragraph (2)(A) of subdivision (c) of Section 48100 of the Public Resources Code.....	(334,000)
3910-101-0226—For local assistance, California Integrated Waste Management Board, payable from the California Tire Recycling Management Fund.....	4,000,000

Item	Amount
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
3910-101-0387—For local assistance, California Integrated Waste Management Board, payable from the Integrated Waste Management Account, Integrated Waste Management Fund.....	4,404,000
3930-001-0001—For support of Department of Pesticide Regulation.....	10,944,000
Schedule:	
(1) 12-Registration and Health Evaluation.....	15,591,000
(2) 17-Pest Management, Environmental Monitoring, Enforcement, and Licensing .....	27,162,000
(3) 20.10-Executive and Administrative Services.....	7,618,000
(4) 20.20-Distributed Executive and Administrative Services.....	-7,618,000
(5) Reimbursements.....	-479,000
(6) Amount payable from the Department of Pesticide Regulation Fund (Item 3930-001-0106) .....	-28,224,000
(7) Amount payable from the California Environmental License Plate Fund (Item 3930-001-0140).....	-496,000
(8) Amount payable from the Food Safety Account (Item 3930-001-0224).....	-418,000
(9) Amount payable from the Federal Trust Fund (Item 3930-001-0890).....	-2,192,000
3930-001-0106—For support of Department of Pesticide Regulation, for payment to Item 3930-001-0001, payable from the Department of Pesticide Regulation Fund .....	28,224,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
3930-001-0140—For support of Department of Pesticide Regulation, for payment to Item 3930-001-0001, payable from the California Environmental License Plate Fund.....	496,000

Item	Amount
3930-001-0224—For support of Department of Pesticide Regulation, for payment to Item 3930-001-0001, payable from the Food Safety Account.....	418,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
3930-001-0890—For support of Department of Pesticide Regulation, for payment to Item 3930-001-0001, payable from the Federal Trust Fund.....	2,192,000
3930-101-0001—For local assistance, Department of Pesticide Regulation .....	2,881,000
Schedule:	
(1) 17-Pest Management, Environmental Monitoring, Enforcement, and Licensing .....	13,817,000
(2) Amount payable from the Department of Pesticide Regulation Fund (Item 3930-101-0106) .....	-34,000
(3) Amount payable from the Department of Pesticide Regulation Fund (Section 12844 of the Food and Agricultural Code) .....	-10,902,000
3930-101-0106—For local assistance, Department of Pesticide Regulation, for payment to Item 3930-101-0001, payable from the Department of Pesticide Regulation Fund .....	34,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
3930-295-0001—For local assistance, Department of Pesticide Regulation, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller.....	1,000
Schedule:	
(1) 98.01.120.089-Pesticide Use Reports (Ch. 1200, Stats. 89) .....	1,000
Provisions:	
1. Except as provided in Provision 2 , allocations of funds provided in this item to the appropriate lo-	

Item	Amount
<p>cal entities shall be made by the State Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated in this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.</p> <p>2. If any of the scheduled amounts are insufficient to provide full reimbursement of costs, the State Controller may, upon notifying the Director of Finance in writing, augment those deficient amounts from the unencumbered balance of any other scheduled amounts therein. No order may be issued pursuant to this provision unless written notification of the necessity therefor is provided to the chairperson of the committee in each house which considers appropriations and the Chairperson of the Joint Legislative Budget Committee or his or her designee.</p>	
3940-001-0001—For support of State Water Resources Control Board.....	76,278,000
Schedule:	
(1) 10-Water Quality.....	408,569,000
(2) 20-Water Rights .....	11,951,000
(3) 30.01-Administration.....	17,448,000
(4) 30.02-Distributed Administration ...	-17,448,000
(5) Reimbursements.....	-10,573,000
(6) Amount payable from the Unified Program Account (Item 3940-001-0028).....	-498,000
(7) Amount payable from the Waste Discharge Permit Fund (Item 3940-001-0193) .....	-32,174,000
(8) Amount payable from the Exotic Species Control Fund (Item 3940-001-0212).....	-246,000
(9) Amount payable from the Environmental Protection Trust Fund (Item 3940-001-0225) .....	-1,691,000

Item	Amount
(10) Amount payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund (Item 3940-001-0235) .....	-2,032,000
(11) Amount payable from the Integrated Waste Management Account, Integrated Waste Management Fund (Item 3940-001-0387) .....	-5,450,000
(12) Amount payable from the State Revolving Fund Loan Subaccount (Item 3940-001-0417) .....	-492,000
(13) Amount payable from the Small Communities Grant Subaccount (Item 3940-001-0418) .....	-758,000
(14) Amount payable from the Water Recycling Subaccount (Item 3940-001-0419) .....	-275,000
(15) Amount payable from the Drainage Management Subaccount (Item 3940-001-0422) .....	-75,000
(16) Amount payable from the Delta Tributary Watershed Subaccount (Item 3940-001-0423) .....	-224,000
(17) Amount payable from the Seawater Intrusion Control Subaccount (Item 3940-001-0424) .....	-37,000
(18) Amount payable from the Underground Storage Tank Tester Account (Item 3940-001-0436) .....	-28,000
(19) Amount payable from the Underground Storage Tank Cleanup Fund (Item 3940-001-0439) .....	-249,428,000
(20) Amount payable from the Underground Storage Tank Fund (Item 3940-001-0475) .....	-1,033,000
(21) Amount payable from the 1984 State Clean Water Bond Fund (Item 3940-001-0740) .....	-310,000
(22) Amount payable from the Federal Trust Fund (Item 3940-001-0890) .....	-36,438,000
(23) Amount payable from the Watershed Protection Subaccount (Item 3940-001-6013) .....	-519,000
(24) Amount payable from the Santa Ana River Watershed Subaccount (Item 3940-001-6016) .....	-524,000



Item	Amount
(25) Amount payable from the Lake Elsinore and San Jacinto Watershed Subaccount (Item 3940-001-6017).....	-42,000
(26) Amount payable from the Nonpoint Source Pollution Control Subaccount (Item 3940-001-6019).	-576,000
(27) Amount payable from the State Revolving Fund Loan Subaccount (Item 3940-001-6020) .....	-83,000
(28) Amount payable from the Wastewater Construction Grant Subaccount (Item 3940-001-6021).....	-22,000
(29) Amount payable from the Coastal Nonpoint Source Control Subaccount (Item 3940-001-6022).....	-714,000

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, from special funds that otherwise provide support for the board, for cash purposes. Any such loans are to be repaid with interest at the rate earned in the Pooled Money Investment Account.
2. Of the amount appropriated in this item, \$272,000 shall be used to review applications for a hydroelectric project license for compliance with the federal Clean Water Act. Any fees received from applicants shall be used to reduce expenditures from the General Fund.

3940-001-0028—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Unified Program Account..... 498,000

Provisions:

1. It is intended that the total funding provided in this item and Item 3940-001-0475 be maintained in 2002–03 for the state underground storage tank regulatory activities. In the event that revenues for the Unified Program Account are insufficient to support the appropriation in this item because of delays in shifting programmatic responsibilities to certified unified program agencies, this item may be reduced and a corresponding increase may be made to Item 3940-001-0475, upon approval of the Department of Finance.

Item	Amount
Any funding adjustments to this item or to Item 3940-001-0475 that would result in a total expenditure authorization exceeding the cumulative appropriation amount of these two items remain subject to the provisions of Section 27.00.	
3940-001-0193—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Waste Discharge Permit Fund.....	32,174,000
3940-001-0212—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Exotic Species Control Fund.....	246,000
3940-001-0225—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Environmental Protection Trust Fund .....	1,691,000
3940-001-0235—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund.....	2,032,000
3940-001-0387—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Integrated Waste Management Account, Integrated Waste Management Fund.....	5,450,000
3940-001-0417—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the State Revolving Fund Loan Subaccount.....	492,000
3940-001-0418—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Small Communities Grant Subaccount.....	758,000
3940-001-0419—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Water Recycling Subaccount .....	275,000
3940-001-0422—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Drainage Management Subaccount.....	75,000
3940-001-0423—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Delta Tributary Watershed Subaccount.....	224,000
3940-001-0424—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Seawater Intrusion Control Subaccount.....	37,000

Item	Amount
3940-001-0436—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Underground Storage Tank Tester Account .....	28,000
3940-001-0439—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Underground Storage Tank Cleanup Fund.....	249,428,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
3940-001-0475—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Underground Storage Tank Fund .....	1,033,000
Provisions:	
1. Pursuant to subdivision (b) of Section 25287 of the Health and Safety Code, the surcharge to be included in the fee paid to a local agency by each person who submits an application for a permit to operate an underground storage tank shall be \$56 per tank, during the 2002–03 fiscal year. This surcharge shall be transmitted to the State Water Resources Control Board and deposited in the Underground Storage Tank Fund.	
3940-001-0740—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the 1984 State Clean Water Bond Fund .....	310,000
3940-001-0890—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Federal Trust Fund.....	36,438,000
3940-001-6013—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Watershed Protection Sub-account.....	519,000
3940-001-6016—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Santa Ana River Watershed Sub-account.....	524,000
3940-001-6017—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Lake Elsinore and San Jacinto Watershed Subaccount.....	42,000

Item	Amount
3940-001-6019—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Nonpoint Source Pollution Control Subaccount.....	576,000
3940-001-6020—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the State Revolving Fund Loan Subaccount.....	83,000
3940-001-6021—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Wastewater Construction Subaccount.....	22,000
3940-001-6022—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Nonpoint Source Control Subaccount.....	714,000
3940-011-0740—For transfer by the Controller from the 1984 State Clean Water Bond Fund to the State Water Pollution Control Revolving Fund.....	1,151,000
3940-011-0942—For transfer by the Controller from the Special Deposit Fund to the Underground Storage Tank Cleanup Fund .....	(0)
Provisions:	
1. Notwithstanding any other provision of law, the Controller shall transfer the unliquidated balance as of January 1, 2003, from the Circle K Settlement Subaccount within the Special Deposit Fund to the Underground Storage Tank Cleanup Fund.	
3940-101-0001—For local assistance, State Water Resources Control Board .....	0
Schedule:	
(1) 10-Water Quality.....	92,381,000
(2) Amount payable from the Water Recycling Subaccount (Item 3940-101-0419).....	-2,500,000
(3) Amount payable from the Watershed Protection Subaccount (Item 3940-101-6013) .....	-21,000,000
(5) Amount payable from the Lake Elsinore and San Jacinto Watershed Subaccount (Item 3940-101-6017).....	-50,000
(6) Amount payable from the Nonpoint Source Pollution Control Subaccount (Item 3940-101-6019).....	-27,000,000

Item	Amount
(7) Amount payable from the Coastal Nonpoint Source Control Subaccount (Item 3940-101-6022).....	-11,331,000
(8) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund (Item 3940-101-6031) .....	-30,500,000
3940-101-0419—For local assistance, State Water Resources Control Board, for payment to Item 3940-101-0001, payable from the Water Recycling Subaccount to be available for expenditure during the 2002–03, 2003–04, and 2004–05 fiscal years.....	2,500,000
3940-101-0744—For local assistance, State Water Resources Control Board, payable from the 1986 Water Conservation and Water Quality Bond Fund to be available for expenditure during the 2002–03, 2003–04, and 2004–05 fiscal years .....	9,000,000
3940-101-6013—For local assistance, State Water Resources Control Board, for payment to Item 3940-101-0001, payable from the Watershed Protection Subaccount to be available for expenditure during the 2002–03, 2003–04, and 2004–05 fiscal years....	21,000,000
3940-101-6017—For local assistance, State Water Resources Control Board, for payment to Item 3940-101-0001, payable from the Lake Elsinore and San Jacinto Watershed Subaccount to be available for expenditure during the 2002–03, 2003–04, and 2004–05 fiscal years .....	50,000
3940-101-6019—For local assistance, State Water Resources Control Board, for payment to Item 3940-101-0001, payable from the Nonpoint Source Pollution Control Subaccount to be available for expenditure during the 2002–03, 2003–04, and 2004–05 fiscal years .....	27,000,000
3940-101-6022—For local assistance, State Water Resources Control Board, for payment to Item 3940-101-0001, payable from the Coastal Nonpoint Source Control Subaccount to be available for expenditure during the 2002–03, 2003–04, and 2004–05 fiscal years .....	11,331,000
3940-101-6031—For local assistance, State Water Resources Control Board, for payment to Item 3940-101-0001, payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund Provisions:	30,500,000
1. The funds available in this item are contingent upon voter approval of the Water Security, Clean	

Item	Amount
Drinking Water, Coastal and Beach Protection Act of 2002 at the November 5, 2002, statewide general election.	
3960-001-0001—For support of Department of Toxic Substances Control .....	29,448,000
Schedule:	
(1) 12-Site Mitigation .....	79,696,000
(2) 13-Hazardous Waste Management..	51,436,000
(3) 15-Statewide Support .....	3,945,000
(3.5) Unallocated reduction .....	-2,000,000
(4) 19.01-Administration.....	38,491,000
(5) 19.02-Distributed Administration ...	-38,491,000
(6) 20-Science, Pollution Prevention and Technology.....	12,452,000
(7) Reimbursements .....	-7,001,000
(8) Amount payable from Hazardous Waste Control Account (Item 3960-001-0014) .....	-41,816,000
(9) Amount payable from Unified Program Account (Item 3960-001-0028).....	-995,000
(9.5) Amount payable from Illegal Drug Lab Cleanup Account (Item 3960-001-0065) .....	-1,953,000
(10) Amount payable from California Used Oil Recycling Fund (Item 3960-001-0100) .....	-331,000
(11) Amount payable from Toxic Substances Control Account (Item 3960-001-0557) .....	-40,886,000
(12) Amount payable from Federal Trust Fund (Item 3960-001-0890)..	-22,128,000
(13) Amount payable from Cleanup Loans and Environmental Assistance to Neighborhoods Account (Item 3960-001-1003) .....	-971,000
Provisions:	
1. The Director of the Department of Toxic Substances Control may expend from this item: (a) \$11,202,000 for the following activities at the Stringfellow Federal Superfund site: (1) operation and maintenance of pretreatment plants to treat contaminated groundwater extracted from the site, (2) site maintenance and groundwater monitoring, and (3) implementation of work to stabilize the site, and (b) \$11,880,000 for the operation of the Illegal Drug Laboratory Removal Program.	

Item	Amount
<ul style="list-style-type: none"> <li>2. Notwithstanding Section 2.00 of this act, the funds appropriated for removal and remedial action at the Stringfellow Federal Superfund site shall be available for encumbrance for three fiscal years subsequent to the fiscal year in which the funds are appropriated, and disbursements in liquidation of encumbrances shall be pursuant to Section 16304.1 of the Government Code.</li> <li>3. Of the amount appropriated in this item, \$750,000 shall be used for the purposes of emergency response activity pursuant to Section 25354 of the Health and Safety Code, in lieu of the appropriation made pursuant to that section.</li> </ul>	
3960-001-0014—For support of Department of Toxic Substances Control, for payment to Item 3960-001-0001, payable from the Hazardous Waste Control Account .....	41,816,000
Provisions: <ul style="list-style-type: none"> <li>1. Notwithstanding any other provision of law, upon approval and order of the Director of Finance, the Department of Toxic Substances Control may borrow sufficient funds from special funds that otherwise provide support for the department for cash purposes. Any such loans are to be repaid with interest at the rate earned by the Pooled Money Investment Account.</li> <li>2. Notwithstanding any other provision of law, upon request of the Director of the Department of Toxic Substances Control, and approval of the Department of Finance, the Controller shall increase the appropriation in this item in an amount necessary to pay the Board of Equalization any additional costs the board may incur to make refunds required by Chapter 737 of the Statutes of 1998, provided sufficient funds are available for such purposes and the board provides workload information that justifies the increase.</li> </ul>	
3960-001-0018—For support of Department of Toxic Substances Control, payable from the Site Remediation Account.....	7,641,000
Schedule: <ul style="list-style-type: none"> <li>(1) 12-Site Mitigation ..... 7,641,000</li> </ul>	
Provisions: <ul style="list-style-type: none"> <li>1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.</li> </ul>	

Item	Amount
2. The Director of the Department of Toxic Substances Control shall report, in writing, not later than 90 days after the end of the fiscal year to the Chairperson of the Joint Legislative Budget Committee, the chairperson of the legislative fiscal committees that act on the department’s budget, the Chairperson of the Environmental Safety and Toxic Materials Committee of the Assembly, and the Chairperson of the Environmental Quality Committee of the Senate actions taken under this provision.	
3. Notwithstanding Section 2.00 of the Budget Act, this appropriation shall be available in accordance with the provisions of Section 25330.2 of the Health and Safety Code.	
3960-001-0028—For support of Department of Toxic Substances Control, for payment to Item 3960-001-0001, payable from the Unified Program Account ..	995,000
3960-001-0065—For support of Department of Toxic Substances Control, for payment to Item 3960-001-0001, payable from the Illegal Drug Lab Cleanup Account .....	1,953,000
3960-001-0100—For support of Department of Toxic Substances Control, for payment to Item 3960-001-0001, payable from the California Used Oil Recycling Fund.....	331,000
3960-001-0456—For support of Department of Toxic Substances Control, payable from the Expedited Site Remediation Trust Fund.....	491,000
Schedule:	
(1) 12-Site Mitigation .....	491,000
Provisions:	
1. Notwithstanding any other provision of law, upon request of the Department of Toxic Substances Control, and approval by the Department of Finance, the Controller shall augment the appropriation in this item to pay costs associated with orphan shares at sites selected for the Expedited Site Remediation Pilot Program from any uncommitted funds in the Expedited Site Remediation Trust Fund.	
2. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	



Item	Amount
3960-001-0557—For support of Department of Toxic Substances Control, for payment to Item 3960-001-0001, payable from the Toxic Substances Control Account .....	40,886,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
2. Of the amount appropriated in this item, \$3,370,763 shall be used for state oversight costs, including cost recovery, at open and closing military bases. The expenditure of these funds shall not relieve the federal government of the responsibility to pay for all state oversight costs. The department shall take all steps necessary to recover these costs from the federal government including, but not limited to, filing civil actions authorized by state and federal law.	
3960-001-0890—For support of Department of Toxic Substances Control, for payment to Item 3960-001-0001, payable from the Federal Trust Fund .....	22,128,000
3960-001-1003—For support of Department of Toxic Substances Control, for payment to Item 3960-001-0001, payable from the Cleanup Loans and Environmental Assistance to Neighborhoods Account.....	971,000
Provisions:	
1. Notwithstanding any other provision of law, \$350,000 shall be used to implement Chapter 764 of the Statutes of 2001.	
2. Notwithstanding subdivision (a) of Section 2.00 of this act, the funds described in Provision 1 are available for expenditure until June 30, 2004.	
3960-011-0014—For transfer by the Controller, upon order of the Director of Finance, from the Hazardous Waste Control Account to the General Fund.....	(15,000,000)
Provisions:	
1. The transfer made by this item is a loan to the General Fund and shall be fully repaid by June 30, 2006. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. The Controller shall, within 15 working days of receipt of written notification from the Department of Finance, transfer from the General Fund to the Hazardous Waste Control Account the full amount of the loan or increments thereof re-	

Item	Amount
<p>quested by the Department of Finance. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by the Hazardous Waste Control Account are not adversely affected by the loan.</p>	
3960-011-0018—For transfer by the Controller from the Site Remediation Account to the General Fund .....	(1,000,000)
3960-011-0557—For transfer by the Controller from the Toxic Substances Control Account to the Expedited Site Remediation Trust Fund.....	(454,000)
Provisions:	
<ol style="list-style-type: none"> <li>1. Notwithstanding any other provision of law, upon request of the Department of Toxic Substances Control, the Controller shall transfer funds from the Toxic Substances Control Account to the Expedited Site Remediation Trust Fund, pursuant to Chapter 6.85 (commencing with Section 25396) of Division 20 of the Health and Safety Code. The amount of the funds transferred shall not exceed the proceeds of fines and penalties deposited in the Toxic Substances Control Account in the 2002–03 fiscal year, exclusive of the fines and penalties transferred to the Hazardous Substance Account pursuant to Section 25192 of the Health and Safety Code for expenditure in accordance with Section 25385.9 of the Health and Safety Code.</li> <li>2. The amount specified in this item is an estimate of the funds available from the proceeds of fines and penalties described in Provision 1, and does not represent a limit on the funds that may be transferred.</li> <li>3. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.</li> </ol>	
3960-012-0557—For transfer by the Controller from the Toxic Substances Control Account to the Site Remediation Account .....	(7,641,000)
3960-013-0557—For transfer by the Controller from the Toxic Substances Control Account to the Hazardous Substance Account.....	(1,000,000)
Provisions:	
<ol style="list-style-type: none"> <li>1. Upon request of the Department of Toxic Substances Control, the Controller shall transfer up to \$1,000,000 to the Hazardous Substance Account, pursuant to this item.</li> </ol>	

Item	Amount
3960-490—Reappropriation, Department of Toxic Substances Control. The balance of the appropriation provided in the following citation is reappropriated for the purposes provided for in that appropriation and is available for encumbrance and expenditure until June 30, 2004: 0557—Toxic Substances Control Account (1) Item 3960-001-0557, Budget Act of 2001 (Ch. 106, Stats. 2001) for implementation of the cost recovery billing system project.	
3960-495—Reversion, Department of Toxic Substances Control. As of June 30, 2002, the unencumbered balance of the appropriation provided in the following citation shall revert to the Toxic Substances Control Account. 0557-Toxic Substances Control Account (1) Chapter 601 of the Statutes of 1999	
3980-001-0001—For support of Office of Environmental Health Hazard Assessment .....	12,929,000
Schedule:	
(1) 10-Health Risk Assessment.....	15,997,000
(2) Reimbursements.....	-2,246,000
(3) Amount payable from the California Environmental License Plate Fund (Item 3980-001-0140).....	-822,000
3980-001-0140—For support of Office of Environmental Health Hazard Assessment, for payment to Item 3980-001-0001, payable from the California Environmental License Plate Fund .....	822,000

HEALTH AND HUMAN SERVICES

4100-001-0890—For support of the State Council on Developmental Disabilities, payable from the Federal Trust Fund.....	5,874,000
Schedule:	
(1) 10-State Council Planning and Operations.....	1,448,000
(2) 20-Community Program Development.....	1,318,000
(3) 30-Allocation to Area Boards .....	3,108,000
4100-490—Reappropriation, State Council on Developmental Disabilities. Notwithstanding any other provision of law, the balance of the amount appropriated for the State Council on Developmental Disabilities, payable from the Federal Trust Fund, in Item 4100-001-0890 of the Budget Act of 2001 (Ch. 106, Stats.	

Item	Amount
2001) is reappropriated for transfer to and in augmentation of Item 4100-001-0890 of this Budget Act for the following purposes:	
(a) To augment the allocation to the Program Development Fund.	
(b) To fund the cost of salary and benefit increases approved by the Legislature that exceed the Budget Act appropriation.	
(c) To fund the implementation of any portion of the state plan as approved by the council.	
4110-001-0001—For support of Area Boards on Developmental Disabilities .....	0
Schedule:	
(1) 10-Area Board Services.....	7,930,000
(2) Reimbursements .....	-7,930,000
4120-001-0001—For support of Emergency Medical Services Authority .....	1,379,000
Schedule:	
(1) 10-Emergency Medical Services Authority .....	6,127,000
(2) Reimbursements .....	-2,101,000
(3) Amount payable from the Emergency Medical Services Training Program Approval Fund (Item 4120-001-0194) .....	-427,000
(4) Amount payable from the Emergency Medical Services Personnel Fund (Item 4120-001-0312).....	-918,000
(5) Amount payable from the Federal Trust Fund (Item 4120-001-0890)..	-1,302,000
4120-001-0194—For support of Emergency Medical Services Authority, for payment to Item 4120-001-0001, payable from the Emergency Medical Services Training Program Approval Fund.....	427,000
4120-001-0312—For support of Emergency Medical Services Authority, for payment to Item 4120-001-0001, payable from the Emergency Medical Services Personnel Fund.....	918,000
4120-001-0890—For support of Emergency Medical Services Authority, for payment to Item 4120-001-0001, payable from the Federal Trust Fund .....	1,302,000
4120-101-0001—For local assistance, Emergency Medical Services Authority, grants to local agencies.....	31,486,000
Schedule:	
(1) 10-Emergency Medical Services Authority .....	40,005,000
(2) Reimbursements .....	-8,519,000

Item

Amount

## Provisions:

1. The General Fund support for poison control centers shall augment, but not replace, local expenditures for existing poison control center services. These funds shall be used primarily to increase services to underserved counties and populations and for poison prevention and information services. The Director of the Emergency Medical Services Authority may contract with eligible poison control centers for the distribution of these funds.
2. Upon the request of the Director of the Emergency Medical Services Authority, and subject to the approval of the Department of Health Services, the California Medical Assistance Commission, and the Department of Finance, moneys appropriated in this item may be transferred to the Emergency Services and Supplemental Payments Fund for expenditure as provided in Item 4260-101-0693 for local assistance for the purposes specified in that item.
3. The Emergency Medical Services Authority shall seek a federal fund match through the California Medical Assistance Commission for any portion of the General Fund appropriation in this item to the extent permitted under Section 14085.6 of the Welfare and Institutions Code.
4. The Emergency Medical Services Authority shall use the following guidelines in administering state-funded grants to local agencies: (a) funding eligibility shall be limited to rural multicounty regions that demonstrate a heavy use of the emergency medical services system by nonresidents, (b) local agencies shall provide matching funds of at least \$1 for each dollar of state funds received, (c) state funding shall be used to provide only essential minimum services necessary to operate the system, as defined by the authority, (d) no region shall receive both federal and state funds in the same fiscal year for the same purpose, and (e) the Emergency Medical Services Authority shall monitor the use of the funds by recipients to assure that these funds are used in an appropriate manner.
5. Each region shall be eligible to receive up to one-half of the total cost of a minimal system for that region, as defined by the Emergency Medical Ser-

Item	Amount
<ul style="list-style-type: none"> <li>vices Authority. However, the authority may reallocate unclaimed funds among regions.</li> <li>6. Notwithstanding Provision 4(b), each region with a population of 300,000 or less as of June 30, 2002, shall receive the full amount for which it is eligible if it provides a cash match of \$0.41 per capita or more. Failure to provide local cash contributions at the specified level shall result in a proportional reduction in state funding.</li> <li>7. The State Controller shall transfer \$25 million in funds appropriated in this item to the Trauma Care Fund.</li> </ul>	
4120-101-0890—For local assistance, Emergency Medical Services Authority, Program 10, payable from the Federal Trust Fund .....	2,004,000
4130-001-0632—For support of California Health and Human Services Agency Data Center, payable from the California Health and Human Services Agency Data Center Revolving Fund.....	307,006,000
Schedule:	
(1) 25-Operations.....	132,986,000
(2) 30-Systems Management Services.....	174,020,000
Provisions:	
<ul style="list-style-type: none"> <li>1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for unanticipated workload resulting from services provided to client departments or as appropriated in a client department’s budget for the California Health and Human Services Agency Data Center in excess of the amount appropriated no sooner than 30 days after providing notification in writing to the chairperson of the fiscal committee of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or no sooner than such lesser time as the chairperson of the committee, or his or her designee, may in each instance determine.</li> <li>2. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated pursuant to Section 11755 of the Government Code.</li> <li>3. Notwithstanding any other provision of law, the California Health and Human Services Agency Data Center shall submit a Feasibility Study Report or equivalent federal planning document to the Department of Finance for review and ap-</li> </ul>	

Item

Amount

proval prior to award of the systems implementation contract for each welfare automation consortium.

4. Expenditure authority provided in this item to support data center infrastructure projects may only be utilized for items outside the approved scope of those projects if these changes are supported by documentation prepared and processed in accordance with the state's established administrative and legislative reporting requirements. Changes in project scope must receive approval using the established administrative and legislative reporting requirements.
5. Resources necessary to develop a plan for the migration of the Interim Statewide Automated Welfare System (ISAWS) Consortium counties to one or more Statewide Automated Welfare System consortia shall be redirected from the funds appropriated in this item for the ISAWS consortium. The funds redirected by this provision shall be made available consistent with the amount approved by the Department of Finance based on review and approval of an appropriate update to the implementation planning document or equivalent document. At the time it approves the availability of funds, the Department of Finance shall provide written notification to the chairperson of the fiscal committee of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee. It is the intent of the Legislature that the ISAWS consortium counties will migrate to one or more of the remaining consortium systems. The ISAWS migration costs shall be included in the appropriate update to the implementation planning documents.

4130-490—Reappropriation, California Health and Human Services Agency Data Center. Notwithstanding any other provision of law, the balance of the funds for the appropriations provided in the following citations are reappropriated for expenditure pursuant to Provision 1 and are available for expenditure until June 30, 2003:

0632—Revolving Fund

Item 4130-001-0632, Budget Act of 2001 (Ch. 106, Stats. 2001)

Item	Amount
Provisions:	
1. It is the intent of this item to continue funding approved activities for the automation projects that, due to schedule changes, result in unexpended appropriations one year and the need for additional funding in the following year. Therefore, notwithstanding any other provision of law, the balance of the appropriations for these automation projects may, upon approval of the Department of Finance, be reappropriated for transfer to and in augmentation of the corresponding items in this act. The funds reappropriated by this provision shall be made available consistent with the amount approved by the Department of Finance and the Department of Information Technology based on an approved special project report or equivalent document not sooner than 30 days after providing notification in writing to the chairperson of the fiscal committee of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.	
4140-001-0001—For support of Office of Statewide Health Planning and Development .....	716,000
Schedule:	
(1) 10-Healthcare Quality and Analysis	6,467,000
(2) 30-Healthcare Workforce .....	5,688,000
(3) 42-Facilities Development .....	22,744,000
(4) 45-Cal-Mortgage Loan Insurance...	4,263,000
(5) 60-Healthcare Information .....	10,006,000
(6) 80.01-Administration.....	10,385,000
(7) 80.02-Distributed Administration ...	-9,912,000
(8) Reimbursements.....	-3,635,000
(9) Amount payable from the Hospital Building Fund (Item 4140-001-0121).....	-20,707,000
(10) Amount payable from the California Health Data and Planning Fund (Item 4140-001-0143) .....	-16,634,000
(11) Amount payable from the Registered Nurse Education Fund (Item 4140-001-0181) .....	-1,245,000
(12) Amount payable from the Federal Trust Fund (Item 4140-001-0890).	-498,000
(13) Amount payable from the Health Facilities Construction Loan Insurance Fund (Section 129200, Health and Safety Code) .....	-4,657,000



Item	Amount
(14) Amount payable from the Health Professions Education Fund (Section 128355, Health and Safety Code) .....	-1,549,000
4140-001-0121—For support of Office of Statewide Health Planning and Development, for payment to Item 4140-001-0001, payable from the Hospital Building Fund .....	20,707,000
4140-001-0143—For support of Office of Statewide Health Planning and Development, for payment to Item 4140-001-0001, payable from the California Health Data and Planning Fund .....	16,634,000
4140-001-0181—For support of Office of Statewide Health Planning and Development, for payment to Item 4140-001-0001, payable from the Registered Nurse Education Fund .....	737,000
4140-001-0890—For support of Office of Statewide Health Planning and Development, for payment to Item 4140-001-0001, payable from the Federal Trust Fund .....	498,000
4140-001-8007—For support of Office of Statewide Health Planning and Development payable from the Specialty Care Fund .....	0
Provisions:	
1. Notwithstanding any other provision of law, upon request of the Office of Statewide Health Planning and Development, the Department of Finance may authorize expenditures of up to \$200,000 in excess of the amount appropriated in this item, if sufficient funds are available in the Specialty Care Fund, to pay costs associated with fundraising activities by a nonprofit organization as specified in Chapter 520, Statutes of 2001, not sooner than 30 days after notification in writing of the necessity therefor to the chairperson of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee. The funds appropriated by this provision shall be made available consistent with the amount approved by the Department of Finance based on its review of the proposed contractual agreement for the fundraising activities.	
4140-017-0143—For support of Office of Statewide Health Planning and Development, payable from the California Health Data and Planning Fund .....	99,000

Item	Amount
Schedule:	
(1) 60-Healthcare Information .....	99,000
Provisions:	
1. The funding appropriated in this item is limited to the amount specified in Control Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.	
4140-101-0001—For local assistance, Office of State-wide Health Planning and Development .....	3,931,000
Schedule:	
(1) 30-Healthcare Workforce .....	5,331,000
(2) Reimbursements .....	-400,000
(3) Amount payable from the Federal Trust Fund (Item 4140-101-0890).....	-1,000,000
Provisions:	
1. Notwithstanding subdivision (a) of Section 2.00 of this act, or any other provision of law, the funds appropriated in this item for contracts with accredited medical schools or programs that train primary care physicians’ assistants or primary care nurse practitioners, as well as contracts with hospitals or other health care delivery systems located in California, that meet the standards of the Health Manpower Policy Commission established pursuant to Article 1 (commencing with Section 128200) of Chapter 4 of Part 3 of Division 107 of the Health and Safety Code, shall continue to be available for the 2003–04, 2004–05, and 2005–06 fiscal years.	
4140-101-0890—For local assistance, Office of State-wide Health Planning and Development, for payment to Item 4140-101-0001, payable from the Federal Trust Fund .....	1,000,000
4140-111-0236—For local assistance, Office of State-wide Health Planning and Development, payable from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund.....	1,047,000
Schedule:	
(1) 10-Healthcare Quality and Analysis.....	1,047,000
4170-001-0001—For support of Department of Aging...	5,234,000

Item	Amount
Schedule:	
(1) 10-Nutrition .....	3,389,000
(2) 20-Senior Community Employment Service .....	480,000
(3) 30-Supportive Services and Centers .....	5,004,000
(4) 40-Special Projects.....	6,302,000
(5) 50.01-Administration.....	7,810,000
(6) 50.02-Distributed Administration ...	-7,810,000
(7) Reimbursements .....	-2,958,000
(8) Amount payable from the State HICAP Fund (Item 4170-001-0289).....	-182,000
(9) Amount payable from the Federal Trust Fund (Item 4170-001-0890).	-6,801,000
Provisions:	
1. In the administration of the Senior Housing Information and Support Center, the Department of Aging shall coordinate its information and outreach efforts with the Department of Rehabilitation and the State Department of Social Services to ensure the following:	
(a) Efforts are not duplicated.	
(b) Outreach to local communities is coordinated in order to reach as many individuals as possible, regardless of age or the nature of their disability, who may be in need of information on home modification and assistive technology.	
(c) County social service departments, to the extent possible, assist eligible individuals to make needed modifications or obtain assistive devices through the Special Circumstances Program.	
(d) The departments coordinate efforts to identify funding sources to assist individuals to make the needed modifications or obtain needed assistive devices.	
4170-001-0289—For support of Department of Aging, for payment to Item 4170-001-0001, payable from the State HICAP Fund .....	182,000
4170-001-0890—For support of Department of Aging, for payment to Item 4170-001-0001, payable from the Federal Trust Fund.....	6,801,000
Provisions:	
1. The Department of Finance may authorize the transfer of funds between this item and Item 4170-101-0890 no sooner than 30 days after writ-	

Item	Amount
<p>ten notification to the chairpersons of the fiscal committees of each house and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee may determine. The notification shall include: (1) the amount of the proposed transfer; (2) an identification of the purposes for which the funds will be used; (3) documentation that the proposed activities must be carried out in the current year and that no other funds are available for their support; and (4) the impact of any transfer on the level of services.</p>	
4170-101-0001—For local assistance, Department of Aging .....	34,799,000
Schedule:	
(1) 10-Nutrition .....	72,430,000
(2) 20-Senior Community Employment Service .....	9,149,000
(3) 30-Supportive Services and Centers .....	65,134,000
(4) 40-Special Projects.....	23,623,000
(5) Reimbursements.....	-2,839,000
(6) Amount payable from the State HICAP Fund (Item 4170-101-0289).....	-1,418,000
(7) Amount payable from the Federal Trust Fund (Item 4170-101-0890) .....	-131,280,000
Provisions:	
1. Notwithstanding Section 26.00 of this act, the Department of Finance, upon notification by the California Department of Aging, may authorize transfers between Program 10—Nutrition and Program 30—Supportive Services and Centers in response to budget revisions submitted by the Area Agencies on Aging.	
2. To the extent the United States enacts a minimum wage equal to or greater than that of California, state funding provided in this item for the Senior Community Service Employment Program shall revert to the General Fund.	
4170-101-0289—For local assistance Department of Aging, for payment to Item 4170-101-0001, payable from the State HICAP Fund.....	1,418,000

Item	Amount
4170-101-0890—For local assistance, Department of Aging, for payment to Item 4170-101-0001, payable from the Federal Trust Fund .....	131,280,000
Provisions:	
1. Provision 1 of Item 4170-001-0890 is also applicable to this item.	
2. Notwithstanding subdivision (d) of Section 28.00 of this act, the Department of Finance, upon notification by the California Department of Aging, may authorize augmentations in this item for budget revisions submitted by Area Agencies on Aging and approved by the Department of Aging for estimated entitlements of per-meal reimbursements from the U.S. Department of Agriculture and for funds allocated to Area Agencies on Aging for federal Title III and Title VII one-time-only allocations.	
3. Notwithstanding Section 26.00 of this act, the Department of Finance, upon notification by the Department of Aging, may authorize transfers between Program 10—Nutrition and Program 30—Supportive Services and Centers in response to budget revisions submitted by the Area Agencies on Aging.	
4180-001-0983—For support of Commission on Aging, payable from the California Fund for Senior Citizens .....	296,000
Provisions:	
1. Funds appropriated in this item from the California Fund for Senior Citizens shall be allocated by the Commission on Aging for the purposes specified in Section 18723 of the Revenue and Taxation Code.	
2. Pursuant to Section 18723 of the Revenue and Taxation Code, the balance of this item as well as the balance of prior year appropriations from the California Fund for Senior Citizens may be carried over and expended in any following fiscal year.	
3. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures from the California Fund for Senior Citizens for the Commission on Aging in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees	

Item	Amount
and the Chairperson of the Joint Legislative Budget Committee.	
4180-002-0886—For support of Commission on Aging, payable from the California Seniors Special Fund .....	48,000
Provisions:	
1. Pursuant to Section 18773 of the Revenue and Taxation Code, the balance of this item as well as the balance of prior year appropriations from the California Seniors Special Fund may be carried over and expended in any following fiscal year.	
2. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures from the California Seniors Special Fund for the Commission on Aging in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
4180-002-0890—For support of Commission on Aging, payable from the Federal Trust Fund.....	297,000
4200-001-0001—For support of Department of Alcohol and Drug Programs.....	5,007,000
Schedule:	
(1) 15-Alcohol and Other Drug Services Program.....	36,124,000
(2) 30.01-State Administration .....	10,637,000
(3) 30.02-State Administration— Distributed.....	-10,637,000
(4) Reimbursements.....	-4,265,000
(5) Amount payable from Driving- Under-the-Influence Program Li- censing Trust Fund (Item 4200- 001-0139).....	-1,781,000
(6) Amount payable from Narcotic Treatment Program Licensing Trust Fund (Item 4200-001- 0243).....	-1,127,000
(7) Amount payable from Audit Repay- ment Trust Fund (Item 4200-001- 0816).....	-67,000
(8) Amount payable from the Federal Trust Fund (Item 4200-001- 0890).....	-20,900,000

Item	Amount
(9) Amount payable from Substance Abuse Treatment Trust Fund (Item 4200-001-3019) .....	-2,977,000
Provisions:	
1. Upon approval by the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Items 4200-101-0001, 4200-102-0001, 4200-103-0001, and 4200-104-0001.	
4200-001-0139—For support of Department of Alcohol and Drug Programs, for payment to Item 4200-001-0001, payable from the Driving-Under-the-Influence Program Licensing Trust Fund .....	1,781,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the Driving-Under-the-Influence Program Licensing Trust Fund in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefore is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
4200-001-0243—For support of Department of Alcohol and Drug Programs, for payment to Item 4200-001-0001, payable from the Narcotic Treatment Program Licensing Trust Fund .....	1,127,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the Narcotic Treatment Program Licensing Trust Fund in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefore is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
4200-001-0816—For support of Department of Alcohol and Drug Programs, for payment to Item 4200-001-0001, payable from the Audit Repayment Trust Fund .....	67,000

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4200-001-0890—For support of Department of Alcohol and Drug Programs, for payment to Item 4200-001-0001, payable from the Federal Trust Fund .....	20,900,000
Provisions:	
1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4200-101-0890.	
2. Of the amount appropriated in this item, \$2,050,000 is available for information technology projects. These funds may not be expended without the prior approval of the required planning documents for technology projects by both the Department of Information Technology and the Department of Finance.	
4200-001-3019—For support of Department of Alcohol and Drug Programs, for payment to Item 4200-001-0001, payable from the Substance Abuse Treatment Trust Fund.....	2,977,000
Provisions:	
1. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated for administration pursuant to Section 11999.6 of the Health and Safety Code.	
2. Notwithstanding any other provision of law, the Department of Finance may authorize a loan from the General Fund to the Substance Abuse Treatment Trust Fund for administrative costs of the State Department of Alcohol and Drug Programs made necessary by the provisions of the Substance Abuse and Crime Prevention Act of 2000. The amounts so transferred are in augmentation of Item 4200-001-3019, as directed by the Department of Finance. The moneys shall be repaid to the General Fund without interest, from the next annual allocation of the Substance Abuse Treatment Trust Fund pursuant to Section 11999.6 of the Health and Safety Code, prior to the distribution of trust funds to the counties and state departments.	
4200-017-0001—For support of Department of Alcohol and Drug Programs.....	982,000
Schedule:	
(1) 15-Alcohol and Other Drug Services Program.....	1,963,000
(2) Reimbursements.....	-981,000



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Provisions:	
1. The funding appropriated in this item is limited to the amount specified in Control Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.	
4200-101-0001—For local assistance, Department of Alcohol and Drug Programs .....	37,377,000
Schedule:	
(1) 15-Alcohol and Other Drug Services Program .....	299,163,000
(2) Reimbursements .....	-13,595,000
(3) Amount payable from the Federal Trust Fund (Item 4200-101-0890) .....	-248,047,000
(4) Amount payable from Resident-Run Housing Revolving Fund (Item 4200-101-0977) .....	-144,000
Provisions:	
1. Upon approval by the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Items 4200-001-0001, 4200-102-0001, 4200-103-0001, and 4200-104-0001.	
2. Upon approval of the Department of Finance, one or more short-term loans not to exceed a cumulative total of \$59,745,000 may be made available from the General Fund when there is a delay in the allocation of federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funds to California. The loans shall be repaid, with interest calculated pursuant to subdivision (a) of Section 16314 of the Government Code, upon receipt of the federal SAPT Block Grant.	
3. The department shall provide to the appropriate budget subcommittees, by January 15, 2003, an implementation plan to improve accountability for prevention and treatment services by the providers, the counties, and the department. The plan shall include, but not be limited to, identification of necessary statute changes to require prevention and treatment providers and counties to collect and submit data and other information as needed to demonstrate accountability, needs, and outcomes of prevention and treatment services. Additionally, the plan shall identify necessary statute	

Item	Amount
and regulation changes to ensure the department has the appropriate authority to hold counties accountable for prevention and treatment service outcomes. The plan shall also provide recommendations for changes to funding allocations to reflect changes in needs and service priorities.	
4200-101-0890—For local assistance, Department of Alcohol and Drug Programs, for payment to Item 4200-101-0001, payable from the Federal Trust Fund.....	248,047,000
Provisions:	
1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4200-001-0890.	
4200-101-0977—For local assistance, Department of Alcohol and Drug Programs, for payment to Item 4200-101-0001, payable from the Resident-Run Housing Revolving Fund.....	144,000
Provisions:	
1. To the extent that moneys available in the Resident-Run Housing Revolving Fund are less than the amount appropriated by this item, this appropriation shall be limited to that lesser amount.	
2. Notwithstanding any other provision of law, if revenues and loan repayments to the Resident-Run Housing Revolving Fund are sufficient to create additional allocation workload, the Director of Finance may authorize expenditures for the Department of Alcohol and Drug Programs in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
4200-102-0001—For local assistance, Department of Alcohol and Drug Programs, for perinatal substance abuse treatment programs (Drug Medi-Cal).....	3,098,000
Schedule:	
(1) 15-Alcohol and Other Drug Services Program.....	6,244,000
(2) Reimbursements.....	-3,146,000
Provisions:	
1. Upon approval by the Department of Finance, the Controller shall transfer such funds as are neces-	

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<p>sary between this item and Items 4200-001-0001, 4200-101-0001, 4200-103-0001, and 4200-104-0001.</p> <p>2. The funds appropriated by this item, exclusive of funds allocated to alcohol and drug-free living programs and transitional living programs, are available to provide funding for the state’s share of expenditures for perinatal substance abuse services provided to persons eligible for Medi-Cal.</p> <p>3. Provisions 2 and 3 of Item 4200-103-0001 also apply to this item.</p>	
<p>4200-103-0001—For local assistance, Department of Alcohol and Drug Programs, Drug Medi-Cal Services .....</p>	46,811,000
<p>Schedule:</p> <p>(1) 15-Alcohol and Other Drug Services Program..... 94,377,000</p> <p>(2) Reimbursements.....-47,566,000</p>	
<p>Provisions:</p> <p>1. Upon approval by the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Items 4200-001-0001, 4200-101-0001, 4200-102-0001, and 4200-104-0001.</p> <p>2. The funds appropriated in this item are available to provide funding for the state’s share of expenditures for substance abuse services provided to persons eligible for Medi-Cal.</p> <p>3. Notwithstanding subdivision (a) of Section 2.00 and Section 26.00, the Department of Finance may authorize a transfer of expenditure authority between this item and Item 4200-102-0001 so that the funds appropriated in either item may be used to pay the state and federal share of prior fiscal years’ allowable Medi-Cal costs that exceed the amount encumbered in prior fiscal years. The Director of Finance shall notify the Legislature within 10 days after authorizing a transfer pursuant to this provision unless prior notification of the transfer has been included in the Medi-Cal estimates submitted pursuant to Section 14100.5 of the Welfare and Institutions Code.</p> <p>4. Notwithstanding any other provision of law, both the federal and nonfederal shares of any money recovered for previously paid drug Medi-Cal program services provided pursuant to Chapter 7 (commencing with Section 14000) of Part 3 of Di-</p>	

Item	Amount
<p>vision 9 of the Welfare and Institutions Code are hereby appropriated and shall be expended as soon as practicable for drug Medi-Cal program services, as defined in the Welfare and Institutions Code.</p>	
<p>4200-104-0001—For local assistance, Department of Alcohol and Drug Programs, for perinatal substance abuse treatment programs .....</p>	23,457,000
<p>Schedule:</p>	
<p>(1) 15-Alcohol and Other Drug Services Program.....</p>	24,957,000
<p>(2) Amount payable from the Federal Trust Fund (Item 4200-104-0890).</p>	-1,500,000
<p>Provisions:</p>	
<p>1. Upon approval by the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Items 4200-001-0001, 4200-101-0001, 4200-102-0001, and 4200-103-0001.</p>	
<p>2. Of the funds appropriated in this item, \$6,408,000 shall be used to fund existing residential perinatal treatment programs that were begun through federal Center for Substance Abuse Treatment grants but whose grants have since expired and currently are constituted as Women and Children’s Residential Treatment Services. For counties in which there is such a provider, the Department of Alcohol and Drug Programs shall include language in those counties’ allocation letters that indicates the amount of the allocation designated for the provider during the fiscal year. Pursuant to Section 11840.1 of the Health and Safety Code, the treatment programs that were established through federal Center for Substance Abuse Treatment grants are not subject to the county 10 percent match. All of the funds allocated for programs shall be passed through those counties directly to the designated nine residential treatment programs in each county, respectively.</p>	
<p>3. Notwithstanding any specified amount in other provisions of this item, any general reduction in this item shall be made proportionately between the Women and Children’s Residential Treatment Services and other perinatal programs.</p>	
<p>4200-104-0890—For support of Department of Alcohol and Drug programs, for payment to Item 4200-104-0001, payable from the Federal Trust Fund .....</p>	1,500,000

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4200-496—Reversion, Department of Alcohol and Drug Programs. As of June 30, 2002, the unencumbered balance of the appropriations provided in the following citations shall revert to the fund from which the appropriation was made.	
0001—General Fund	
(1) Item 4200-102-0001, Budget Act of 2001 (Ch. 106, Stats. 2001), perinatal substance abuse treatment programs (Drug Medi-Cal)	
(2) Item 4200-102-0001, Budget Act of 2000 (Ch. 52, Stats. 2000), perinatal substance abuse treatment programs (Drug Medi-Cal)	
(3) Item 4200-103-0001, Budget Act of 2001 (Ch. 106, Stats. 2001), Drug Medi-Cal Services	
(4) Item 4200-103-0001, Budget Act of 2000 (Ch. 52, Stats. 2000), Drug Medi-Cal Services	
4220-001-0001—For support of Child Development Policy Advisory Committee appointed pursuant to Section 8286 of the Education Code .....	360,000
Schedule:	
(1) 10-Child Development Policy Advisory Committee .....	612,000
(2) Reimbursements .....	-252,000
4260-001-0001—For support of Department of Health Services .....	219,390,000
Schedule:	
(1) 10-Public and Environmental Health .....	309,846,266
(2) 20-Health Care Services .....	510,786,134
(3) 30.01-Departmental Administration.....	41,720,000
(4) 30.02-Departmental Administration Distributed.....	-39,560,000
(5) Reimbursements .....	-35,942,000
(6) Amount payable from the Breast Cancer Research Account (Item 4260-001-0007) .....	-1,617,000
(7) Amount payable from the Breast Cancer Control Account (Item 4260-001-0009) .....	-7,133,000
(8) Amount payable from the Nuclear Planning Assessment Special Account (Item 4260-001-0029).....	-595,000
(9) Amount payable from the Motor Vehicle Account, State Transportation Fund (Item 4260-001-0044)...	-997,000

Item	Amount
(10) Amount payable from the Sale of Tobacco to Minors Control Account (Item 4260-001-0066).....	-2,246,000
(11) Amount payable from the Occupational Lead Poisoning Prevention Account (Item 4260-001-0070).....	-2,683,000
(12) Amount payable from the Medical Waste Management Fund (Item 4260-001-0074) .....	-1,002,000
(13) Amount payable from the Radiation Control Fund (Item 4260-001-0075).....	-16,502,000
(14) Amount payable from the Tissue Bank License Fund (Item 4260-001-0076) .....	-180,000
(15) Amount payable from the Childhood Lead Poisoning Prevention Fund (Item 4260-001-0080).....	-10,635,000
(16) Amount payable from the Export Document Program Fund (Item 4260-001-0082) .....	-132,000
(17) Amount payable from the Clinical Laboratory Improvement Fund (Item 4260-001-0098) .....	-6,134,000
(18) Amount payable from the Health Statistics Special Fund (Item 4260-001-0099) .....	-12,943,000
(19) Amount payable from the Wine Safety Fund (Item 4260-001-0116).	-45,000
(20) Amount payable from the Water Device Certification Special Account (Item 4260-001-0129).....	-183,000
(21) Amount payable from the Food Safety Fund (Item 4260-001-0177).....	-4,709,000
(22) Amount payable from the Environmental Laboratory Improvement Fund (Item 4260-001-0179).....	-3,548,000
(23) Amount payable from the Genetic Disease Testing Fund (Item 4260-001-0203) .....	-64,293,000
(25) Amount payable from the Health Education Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-001-0231) .....	-6,489,400

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(26) Amount payable from the Hospital Services Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-001-0232) .....	-279,000
(28) Amount payable from the Research Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-001-0234) .....	-4,930,000
(29) Amount payable from Unallocated Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-001-0236) .....	-2,744,000
(30) Amount payable from Drinking Water Operator Certification Special Account (Item 4260-001-0247) .....	-1,280,000
(31) Amount payable from Nursing Home Administrator's State License Examining Fund (Item 4260-001-0260) .....	-530,000
(32) Amount payable from the Infant Botulism Treatment and Prevention Fund (Item 4260-001-0272)...	-1,536,000
(33) Amount payable from the Safe Drinking Water Account (Item 4260-001-0306) .....	-8,007,000
(34) Amount payable from the Registered Environmental Health Specialist Fund (Item 4260-001-0335) .....	-210,000
(35) Amount payable from the Mosquito-borne Disease Surveillance Account (Item 4260-001-0478) .....	-36,000
(35.5) Amount payable from Cancer Research Fund (Item 4260-001-0589) .....	-12,500,000
(36) Amount payable from the Drinking Water Treatment and Research Fund (Item 4260-001-0622) .....	-617,000
(37) Amount payable from the Domestic Violence Training and Education Fund (Item 4260-001-0642)...	-781,000
(38) Amount payable from the Emergency Services and Supplemental Payments Fund (Item 4260-001-0693) .....	-124,000

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(39) Amount payable from the California Alzheimer’s and Related Disorders Research Fund (Item 4260-001-0823).....	-271,000
(40) Amount payable from the Medical Inpatient Payment Adjustment Fund (Item 4260-001-0834).....	-799,000
(41) Amount payable from the Federal Trust Fund (Item 4260-001-0890) .....	-358,240,000
(42) Amount payable from the Birth Defects Research Fund (Item 4260-001-0919) .....	-422,000
(43) Amount payable from the Drug and Device Safety Fund (Item 4260-001-3018) .....	-975,000
(45) Amount payable from Tobacco Settlement Fund (Item 4260-001-3020).....	-31,113,000

Provisions:

1. Except as otherwise prohibited by law, the department shall promulgate emergency regulations to adjust the public health fees set by regulation to an amount, such that if the new fees were effective throughout the 2002–03 fiscal year, the estimated revenues would be sufficient to offset at least 95 percent of the approved program level intended to be supported by those fees.

The General Fund fees of the State Department of Health Services (DHS) that are subject to the annual fee adjustment pursuant to subdivision (a) of Section 100425 of the Health and Safety Code shall be increased by 9.50 percent. The special fund fees of DHS that are subject to the annual fee adjustment pursuant to subdivision (a) of Section 100425 of the Health and Safety Code may be increased by 9.50 percent only if the fund condition statements project fund reserves to be less than 10% and the revenues projected for FY 2002–03 are less than the appropriation contained in this act.

2. Effective July 1, 2002, the annual fee for a general acute care hospital, acute psychiatric hospital, special hospital, general acute care rehabilitation hospital and chemical dependency recovery hospital shall be \$120.56 per bed. Effective July 1, 2002, the annual fee for a skilled nursing facility,



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intermediate care facility, or intermediate care facility for the developmentally disabled is \$199.55 per bed.

The fees of the State Department of Health Services that are subject to the annual fee adjustment pursuant to subdivision (a) of Section 100445 of the Health and Safety Code shall be increased by 1.39 percent, effective July 1, 2002.

Notwithstanding subdivision (b) of Section 100450 of the Health and Safety Code, departmental fees that are subject to the annual fee adjustment pursuant to subdivision (a) of Section 100450 of the Health and Safety Code shall be increased by 1.36 percent, effective July 1, 2002.

3. The Department of Health Services may spend up to \$631,000 appropriated in this item to augment Lead-Related Construction Program regulatory activities. The amount spent shall be entirely supported by revenue collections above 1999–00 fee receipts.
4. Of the amount appropriated in this item, one-time funding of \$1,016,000 for the assisted living waiver is available for expenditure through June 30, 2003.
5. Provision 4 of Item 4260-111-0001 also applies to this item.
6. The Department of Health Services shall limit expenditures in this item to implement the Uniform Anatomical Gift Act (Chapter 819, Statutes of 2000) to the amount of actual fees collected from tissue banks.
7. Of the amount appropriated in this item, \$200,000 shall be used to fund positions to expand the Program for All-Inclusive Care (PACE). The Legislature's intent for expanding this program is to increase community-based services and to address state concerns pertaining to the United States Supreme Court's ruling in the *Olmstead v. L.C.* and *E.W.* (1999) 119 S. Ct. 2716. Further, the General Fund savings generated from this expansion shall be used to assist the state in mitigating future Medi-Cal expenditures attributable to placement in nursing homes.
8. Of the amount appropriated in this item, up to \$2,732,700 shall be available no sooner than 30 days after notification to the Joint Legislative Budget Committee and the Legislature's fiscal

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committees is provided by the Department of Finance of its review and acceptance of an independent legal evaluation of the proposed contract for the Genetic Disease Branch Screening Information System. The independent legal review shall include, but is not limited to, evaluations of the state's contractual legal protections, the contractor's obligations to comply with the Health Information Portability and Accountability Act (HIPAA), alternatives to reduce contract costs, and the proposed automation solution's compliance to the HIPAA. The independent legal review shall be provided to the Department of General Services, Office of Legal Services.	
4260-001-0007—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Breast Cancer Research Account .....	1,617,000
4260-001-0009—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Breast Cancer Control Account.....	7,133,000
4260-001-0029—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Nuclear Planning Assessment Special Account .....	595,000
4260-001-0044—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Motor Vehicle Account, State Transportation Fund.....	997,000
4260-001-0066—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Sale of Tobacco to Minors Control Account.....	2,246,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Government Code Section 13332.18.	
4260-001-0070—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Occupational Lead Poisoning Prevention Account.....	2,683,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	

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4260-001-0074—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Medical Waste Management Fund ....	1,002,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Government Code Section 13332.18.	
4260-001-0075—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Radiation Control Fund .....	16,502,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
4260-001-0076—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Tissue Bank License Fund .....	180,000
4260-001-0080—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Childhood Lead Poisoning Prevention Fund .....	10,635,000
Provisions:	
1. It is the intent of the Legislature that the department prepare a special project report and receive approval of that report from the Department of Finance prior to continued development of the RASSCLE II project.	
4260-001-0082—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Export Document Program Fund .....	132,000
4260-001-0098—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Clinical Laboratory Improvement Fund .....	6,134,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
4260-001-0099—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Health Statistics Special Fund.....	12,943,000
4260-001-0116—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Wine Safety Fund .....	45,000

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4260-001-0129—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Water Device Certification Special Account.....	183,000
4260-001-0177—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Food Safety Fund.....	4,709,000
4260-001-0179—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Environmental Laboratory Improvement Fund.....	3,548,000
4260-001-0203—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Genetic Disease Testing Fund.....	64,293,000
4260-001-0231—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Health Education Account, Cigarette and Tobacco Products Surtax Fund .....	6,489,400
4260-001-0232—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Hospital Services Account, Cigarette and Tobacco Products Surtax Fund .....	279,000
4260-001-0234—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Research Account, Cigarette and Tobacco Products Surtax Fund.....	4,930,000
Provisions:	
1. Of the funds appropriated in this item, \$500,000 shall be available for population-based cancer research and surveillance, and \$500,000 shall be available for cancer registry data collection.	
4260-001-0236—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund.....	2,744,000
4260-001-0247—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Drinking Water Operator Certification Special Account.....	1,280,000
4260-001-0260—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Nursing Home Administrator’s State License Examining Fund.....	530,000
4260-001-0272—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Infant Botulism Treatment and Prevention Fund .....	1,536,000

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4260-001-0306—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Safe Drinking Water Account .....	8,007,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
4260-001-0335—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Registered Environmental Health Specialist Fund .....	210,000
4260-001-0478—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Mosquitoborne Disease Surveillance Account .....	36,000
4260-001-0589—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Cancer Research Fund.....	12,500,000
4260-001-0622—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Drinking Water Treatment and Research Fund.....	617,000
4260-001-0642—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Domestic Violence Training and Education Fund .....	781,000
4260-001-0693—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Emergency Services and Supplemental Payments Fund.....	124,000
Provisions:	
1. To the extent that moneys available in the Emergency Services and Supplemental Payments Fund are less than the amount appropriated in this item, this appropriation shall be limited to that lesser amount.	
2. Notwithstanding any other provision of law, if revenues to the Emergency Services and Supplemental Payments Fund are sufficient to create additional allocation workload, the Director of Finance may authorize expenditures for the Department of Health Services in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative	

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Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
4260-001-0823—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the California Alzheimer’s and Related Disorders Research Fund .....	271,000
4260-001-0834—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Medi-Cal Inpatient Payment Adjustment Fund.....	799,000
4260-001-0890—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Federal Trust Fund .....	357,215,000
Provisions:	
1. Of the funds appropriated in this item, \$54,014,000 shall be available for administration, research, and training projects. Notwithstanding Section 28.00 of this act, the State Department of Health Services shall report under that section any new project over \$200,000 or any increase in excess of \$400,000 for an identified project.	
4260-001-0919—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Birth Defects Research Fund .....	422,000
4260-001-3018—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Drug and Device Safety Fund.....	975,000
4260-001-3020—For support of Department of Health Services, for payment to Item 4260-001-0001, payable from the Tobacco Settlement Fund.....	31,113,000
4260-002-0001—For transfer by the Controller to the Cancer Research Fund .....	12,500,000
4260-002-0942—For support of Department of Health Services, payable from the Health Facilities Citation Penalties Account, Special Deposit Fund.....	5,000,000
4260-003-0001—For support of Department of Health Services, for rental payments on lease-revenue bonds (Richmond Laboratory).....	9,857,000
Schedule:	
(1) Base Rental and Fees .....	10,328,000
(2) Insurance .....	54,000
(3) Reimbursements .....	-525,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided	

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by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
4260-003-0044—For support of Department of Health Services, for rental payments on lease-revenue bonds, payable from the Motor Vehicle Account, State Transportation Fund .....	314,000
Schedule:	
(1) Base Rental and Fees .....	312,000
(2) Insurance .....	2,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
4260-003-0080—For support of Department of Health Services, for rental payments on lease-revenue bonds, payable from the Childhood Lead Poisoning Prevention Fund .....	198,000
Schedule:	
(1) Base Rental and Fees .....	197,000
(2) Insurance .....	1,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
4260-003-0098—For support of Department of Health Services, for rental payments on lease-revenue bonds, payable from the Clinical Lab Improvement Fund .....	82,000
Schedule:	
(1) Base Rental.....	82,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	

Item	Amount
4260-003-0179—For support of Department of Health Services, for rental payments on lease-revenue bonds, payable from the Environmental Laboratory Improvement Fund .....	4,000
Schedule:	
(1) Base Rental.....	4,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
4260-003-0203—For support of Department of Health Services, for rental payments on lease-revenue bonds, payable from the Genetic Disease Testing Fund .....	2,380,000
Schedule:	
(1) Base Rental and Fees .....	2,367,000
(2) Insurance .....	13,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
4260-003-0890—For support of Department of Health Services, for rental payments on lease-revenue bonds, payable from the Federal Trust Fund.....	48,000
Schedule:	
(1) Base Rental.....	48,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
4260-003-0942—For support of Department of Health Services, payable from the Federal Citation Penalties Account, Special Deposit Fund .....	2,220,000
4260-004-0942—For support of Department of Health Services, payable from the Local Education Agency Medi-Cal Recovery Account, Special Deposit Fund .....	1,500,000



Item	Amount
4260-007-0890—For support of Department of Health Services, payable from the Federal Trust Fund .....	18,859,000
Provisions:	
1. Notwithstanding Section 28.00 of this act, adjustments may be made to align the federal funds for legislative actions and other technical adjustments affecting the recipient department’s appropriation authority.	
4260-011-0001—For transfer by the Controller to the Genetic Disease Testing Fund .....	(5,000,000)
Provisions:	
1. The amount transferred in this item is a loan to the Genetic Disease Testing Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. Principal and interest earned on the loan shall be repaid in full no later than June 30, 2008.	
4260-012-0099—For transfer by the Controller, upon order of the Director of Finance, from the Health Statistics Special Fund, to the General Fund .....	(4,200,000)
4260-017-0001—For support of the Department of Health Services, for implementation of the Health Insurance Portability and Accountability Act .....	6,898,000
Schedule:	
(1) 10-Public and Environmental Health.....	439,000
(2) 20-Health Care Services .....	22,616,000
(3) Amount payable from the Genetic Disease Testing Fund (Item 4260-017-0203) .....	-2,183,000
(4) Amount payable from Federal Trust Fund (Item 4260-017-0890).....	-13,974,000
Provisions:	
1. The funding appropriated in this item is limited to the amount specified in Control Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.	
4260-017-0203—For support of Department of Health Services, for payment to Item 4260-017-0001, payable from the Genetic Disease Testing Fund, for implementation of the Health Insurance Portability and Accountability Act .....	2,183,000

Item	Amount
Provisions:	
1. The funding appropriated in this item is limited to the amount specified in Control Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.	
4260-017-0890—For support of Department of Health Services, for payment to Item 4260-017-0001, payable from the Federal Trust Fund, for implementation of the Health Insurance Portability and Accountability Act .....	13,974,000
Provisions:	
1. The funding appropriated in this item is limited to the amount specified in Control Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.	
4260-101-0001—For local assistance, Department of Health Services, Medical Assistance Program, payable from the Health Care Deposit Fund (912) after transfer from the General Fund .....	9,789,639,000
Schedule:	
(1) 20.10.010-Eligibility (County Administration).....	1,523,866,000
(2) 20.10.020-Fiscal Intermediary Management .....	292,841,000
(3) 20.10.030-Benefits (Medical Care and Services).....	23,172,770,000
(4) Prior Fiscal Year Reconciliation.....	0
(4.5) Reimbursements .....	-3,607,000
(5) Amount payable from the Federal Trust Fund (Item 4260-101-0890).....	-14,951,031,000
(6) Amount payable from Federal Trust Fund (Item 4260-103-0890).....	-9,994,000
(7) Amount payable from the Tobacco Settlement Fund (Item 4260-101-3020) .....	-235,206,000
Provisions:	
1. The aggregate principal amount of disproportionate share hospital general obligation debt that may be issued in the 2002–03 fiscal year pursuant to subparagraph (A) of paragraph (2) of subdivision (f) of Section 14085.5 of the Welfare and Institutions Code shall be \$0.	

Item	Amount
<ol style="list-style-type: none"><li data-bbox="211 201 827 461">2. Notwithstanding any other provision of law, both the federal and nonfederal shares of any money recovered for previously paid health care services, provided pursuant to Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code, are hereby appropriated and shall be expended as soon as practicable for medical care and services as defined in the Welfare and Institutions Code.</li><li data-bbox="211 461 827 782">3. Notwithstanding any other provision of law, accounts receivable for recoveries as described in Provision 2 above shall have no effect upon the positive balance of the General Fund or the Health Care Deposit Fund. Notwithstanding any other provision of law, money recovered as described in this item that is required to be transferred from the Health Care Deposit Fund to the General Fund shall be credited by the Controller to the General Fund without regard to the appropriation from which it was drawn.</li><li data-bbox="211 782 827 1078">4. Without regard to fiscal year, the General Fund shall make one or more loans available not to exceed a cumulative total of \$45,000,000 to be transferred as needed to the Health Care Deposit Fund to meet cash needs. The loans are subject to the repayment provisions of Section 16351 of the Government Code. Any additional loan requirement in excess of \$45,000,000 shall be processed in the manner prescribed by Section 16351 of the Government Code.</li><li data-bbox="211 1078 827 1399">5. Notwithstanding any other provision of law, the Director of Health Services may give public notice relative to proposing or amending any rule or regulation that could result in increased costs in the Medi-Cal program only after approval by the Department of Finance; and any rule or regulation adopted by the Director of Health Services and any communication that revises the Medi-Cal program shall be effective only from and after the date upon which it is approved by the Department of Finance.</li><li data-bbox="211 1399 827 1578">6. Of the funds appropriated in this item, up to \$50,000 may be allocated for attorneys' fees awarded pursuant to state or federal law without prior notification to the Legislature. Individual settlements authorized under this language shall not exceed \$5,000. The semiannual estimates of</li></ol>	

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Medi-Cal expenditures due to the Legislature in January and May shall reflect attorney fees paid 15 or more days prior to the transmittal of the estimate.

7. Change orders to the medical or the dental fiscal intermediary contract for amounts exceeding a total cost of \$250,000 shall be approved by the Director of Finance not sooner than 30 days after written notification of the change order is provided to the chairpersons of the fiscal and policy committees in each house and to the Chairperson of the Joint Legislative Budget Committee or not sooner than such lesser time as the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may designate. If there are changes or potential changes in federal funding, the Department of Finance shall provide timely written notification of the changes to the chairperson of the fiscal committee in each house and the Chairperson of the Joint Legislative Budget Committee. The semiannual estimates of Medi-Cal expenditures due to the Legislature in January and May may constitute the notification required by this provision.
8. Recoveries of advances made to counties in prior years pursuant to Section 14153 of the Welfare and Institutions Code are reappropriated to the Health Care Deposit Fund for reimbursement of those counties where allowable costs exceeded the amounts advanced. Recoveries in excess of the amounts required to fully reimburse allowable costs shall be transferred to the General Fund. When a projected deficiency exists in the Medical Assistance Program, these funds, subject to notification to the Chairperson of the Joint Legislative Budget Committee, are appropriated and shall be expended as soon as practicable for the state's share of payments for medical care and services, county administration, and fiscal intermediary services.
9. The Department of Finance may transfer funds representing all or any portion of any estimated savings that are a result of improvements in the Medi-Cal claims processing procedures from the Medi-Cal services budget or the support budget of the State Department of Health Services

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(Item 4260-001-0001) to the fiscal intermediary budget item for purposes of making improvements to the Medi-Cal claims system.

10. Notwithstanding subdivision (a) of Section 2.00 and Section 26.00 of this act, the Department of Finance may authorize transfer of expenditure authority between Schedule (1), (2), (3) and Schedule (4). Schedule (4) may be used for the liquidation of prior years' excess obligations of Item 4260-101-0001.

The Director of Finance shall notify the Legislature within 10 days of authorizing such a transfer unless prior notification of the transfer has been included in the Medi-Cal estimates submitted pursuant to Section 14100.5 of the Welfare and Institutions Code.

11. Of the amount appropriated in this item, \$10,044,000 for the Statewide Automated Welfare System in Los Angeles Eligibility, Automated Determination, Elevation and Reporting Consortium shall not be encumbered until the Department of Finance reviews and approves a special project report or equivalent document which specifies the application modifications to be completed and includes the vendor's estimate of the funding needed to complete the modifications. At the time that it approves the fund availability, the Department of Finance shall provide written notification to the chairperson of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.
12. A facility applying for reimbursement through the Wage Adjustment Rate Program, as described in Section 14110.65 of the Welfare and Institutions Code, shall submit a Rate Adjustment Request to the department by September 30, 2002. A Rate Adjustment Request from a facility which is received by the department after September 30, 2002, shall not be considered.
13. Of the amount appropriated in this item, \$500,000 may be used to fund two pilot projects which allow select adult day health care centers to expand their hours of operation and to serve additional participants in a manner that meets the particular adult day health care needs of the

Item	Amount
<p>Medi-Cal recipients within the service areas of the adult day health care centers that have been chosen for participation in the pilot program. This pilot program shall be known as the Alternative Scheduling Pilot Program.</p> <p>14. The Department of Health Services shall conduct a study of the adequacy of Medi-Cal pharmacy reimbursement rates including the cost of providing prescription drugs and services. This study shall be provided to interested parties and the Legislature no later than August 15, 2002.</p> <p>15. Notwithstanding any other provision of law, the Department of Health Services shall apply for a State Medi-Cal Plan Amendment to implement the Express Lane Eligibility for National School Lunch Program Eligible Children, effective July 1, 2002.</p>	
<p>4260-101-0693—Notwithstanding any other provision of law, moneys available in the Emergency Services and Supplemental Payments Fund, after the appropriation made by Item 4260-001-0693 of this act, are appropriated to the Department of Health Services for expenditure for local assistance for the purposes specified in Section 14085.6 of the Welfare and Institutions Code.</p>	
<p>4260-101-0890—For local assistance, Department of Health Services, for payment to Item 4260-101-0001, payable from the Federal Trust Fund.....</p> <p>Provisions:</p> <p>1. Any of the provisions in Item 4260-101-0001 that are relevant to this item also apply to this item.</p> <p>2. Of the amount appropriated in this item, \$500,000 may be used to fund two pilot projects which allow select adult day health care centers to expand their hours of operation and to serve additional participants in a manner that meets the particular adult day health care needs of the Medi-Cal recipients within the service areas of the adult day health care centers who have been chosen for participation in the pilot program. This pilot program shall be known as the Alternative Scheduling Pilot Program.</p>	14,951,031,000
<p>4260-101-3020—For local assistance, Department of Health Services, for payment to Item 4260-101-0001, payable from the Tobacco Settlement Fund...</p>	235,206,000

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4260-102-0001—For local assistance, Department of Health Services, Program 20.10.030-Benefits (Medical Care and Services), for supplemental reimbursement for debt service pursuant to Section 14085.5 of the Welfare and Institutions Code.....	64,415,000
4260-102-0890—For local assistance, Department of Health Services, Program 20.10.030—Benefits (Medical Care and Services), payable from Federal Trust Fund, for supplemental reimbursement for debt service pursuant to Section 14085.5 of the Welfare and Institutions Code.....	65,324,000
4260-103-0890—For local assistance, for refugee services, Department of Health Services, for payment to Item 4260-101-0001, payable from the Federal Trust Fund .....	9,994,000
Provisions:	
1. Any of the provisions in Item 4260-101-0001 that are relevant to this item also apply to this item.	
4260-111-0001—For local assistance, Department of Health Services.....	425,121,000
Schedule:	
(1) 10.10.010-Vital Records Improvement Project .....	300,000
(2) 10.20.010-Environmental Management .....	26,344,000
(3) 10.20.040-Drinking Water.....	4,437,000
(4) 10.30.030-Childhood Lead Poisoning Prevention .....	11,000,000
(5) 10.30.040-Chronic Diseases.....	106,197,730
(6) 10.30.050-Communicable Disease Control .....	61,211,000
(7) 10.30.060-AIDS .....	290,344,000
(8) 20.30-County Health Services.....	96,521,420
(9) 20.40-Primary Care and Family Health.....	1,502,101,430
(10) Reimbursements.....	-70,980,000
(11) Amount payable from the Breast Cancer Control Account (Item 4260-111-0009).....	-8,804,000
(12) Amount payable from the Childhood Lead Poisoning Prevention Fund (Item 4260-111-0080).....	-14,500,000
(13) Amount payable from the Health Statistics Special Fund (Item 4260-111-0099) .....	-510,000

Item	Amount
(13.5) Amount payable from the California Health Data and Planning Fund (Item 4260-111-0143).....	-200,000
(14) Amount payable from the Health Education Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-111-0231).....	-53,866,730
(15) Amount payable from the Hospital Services Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-111-0232).....	-61,612,000
(16) Amount payable from the Physician Services Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-111-0233).....	-3,709,000
(17) Amount payable from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-111-0236).....	-55,972,850
(18) Amount payable from the Child Health and Safety Fund (Item 4260-111-0279).....	-491,000
(19) Amount payable from the Drinking Water Treatment and Research Fund (Item 4260-111-0622).....	-4,374,000
(19.5) Amount payable from the Domestic Violence Training and Education Fund (Item 4260-111-0642).	-900,000
(20) Amount payable from the Federal Trust Fund (Item 4260-111-0890) .....	-1,078,357,000
(21) Amount payable from the Tobacco Settlement Fund (Item 4260-111-3020).....	-56,658,000
(22) Amount payable from WIC Manufacturer Rebate Fund (Item 4260-111-3023).....	-262,401,000

Provisions:

1. Program 10.30.060-AIDS:

The Office of AIDS in the State Department of Health Services, in allocating and processing contracts and grants, shall comply with the same requirements that are established for contracts and grants for other public health programs. The contracts or grants administered by the Office of AIDS shall be exempt from the Public Contract Code and shall be exempt from approval by the



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Department of Finance and the Department of General Services prior to their execution.	
2. Program 20.40-Primary Care and Family Health: Counties may retain 50 percent of total enrollment and assessment fees that are collected by the counties for the CCS program. Fifty percent of the enrollment and assessment fee for each county shall be offset from the state's match for that county.	
3. Nonfederal funds appropriated in this item and Item 4260-001-0001 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. Using \$20,000,000 in available one-time federal funds (reimbursements from the Department of Social Services), the funds appropriated in Schedule (5) of Item 4260-001-0001 (\$988,000) and Schedule (10) of Item 4260-111-0001 (\$19,012,000) are for expenditure in the 2002-03 fiscal year to continue the Community Challenge Grant Program.	
4260-111-0009—For local assistance, Department of Health Services, for payment to Item 4260-111-0001, payable from the Breast Cancer Control Account .....	8,804,000
4260-111-0080—For local assistance, Department of Health Services, for payment to Item 4260-111-0001, payable from the Childhood Lead Poisoning Prevention Fund .....	14,500,000
4260-111-0099—For local assistance, Department of Health Services, for payment to Item 4260-111-0001, payable from the Health Statistics Special Fund .....	510,000
4260-111-0143—For local assistance, Department of Health Services, for payment to Item 4260-111-0001, payable from the California Health Data and Planning Fund .....	200,000
4260-111-0231—For local assistance, Department of Health Services, for payment to Item 4260-111-0001, payable from the Health Education Account, Cigarette and Tobacco Products Surtax Fund .....	53,866,730

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4260-111-0232—For local assistance, Department of Health Services, for payment to Item 4260-111-0001, payable from the Hospital Services Account, Cigarette and Tobacco Products Surtax Fund .....	61,612,000
4260-111-0233—For local assistance, Department of Health Services, for payment to Item 4260-111-0001, payable from the Physician Services Account, Cigarette and Tobacco Products Surtax Fund .....	3,709,000
4260-111-0236—For local assistance, Department of Health Services, for payment to Item 4260-111-0001, payable from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund .....	55,972,850
Provisions:	
1. Of the amount appropriated in this item, \$3,400,000 shall be available for expenditure in the Children’s Treatment Program.	
4260-111-0279—For local assistance, Department of Health Services, for payment to Item 4260-111-0001, payable from the Child Health and Safety Fund .....	491,000
4260-111-0622—For local assistance, Department of Health Services, for payment to Item 4260-111-0001, payable from the Drinking Water Treatment and Research Fund .....	4,374,000
4260-111-0642—For local assistance, Department of Health Services, for payment to Item 4260-111-0001, payable from the Domestic Violence Training and Education Fund.....	900,000
4260-111-0890—For local assistance, Department of Health Services, for payment to Item 4260-111-0001, payable from the Federal Trust Fund.....	1,078,357,000
Provisions:	
1. Of the funds appropriated in this item, \$57,207,000 shall be available for administration, research, and training projects. Notwithstanding the provisions of Section 28.00 of this act, the State Department of Health Services shall report under that section any new project over \$200,000 or any increase in excess of \$400,000 for an identified project.	
4260-111-3020—For local assistance, State Department of Health Services, for payment to Item 4260-111-0001, payable from the Tobacco Settlement Fund...	56,658,000
4260-111-3023—For local assistance, State Department of Health Services, for payment to Item 4260-111-0001, payable from the WIC Manufacturer Rebate Fund .....	262,401,000

Item	Amount
4260-113-0001—For local assistance, Department of Health Services, for the Healthy Families Program (Medi-Cal) .....	29,791,000
Schedule:	
(1) 20.10.010-Eligibility (County Administration) .....	12,709,000
(2) 20.10.020-Fiscal Intermediary Management .....	92,000
(3) 20.10.030-Benefits (Medical Care and Services) .....	80,620,000
(4) Amount payable from the Federal Trust Fund (Item 4260-113-0890).....	-63,630,000

Provisions:

1. Notwithstanding subdivision (a) of Section 2.00 and Section 26.00 of this act, the Department of Finance may authorize transfer of expenditure authority between Schedule (a), (b), or (c) and Schedule (d). Schedule (d) may be used for the liquidation of prior years' excess obligations of Item 4260-113-0001.

The Director of Finance shall notify the Legislature within 10 days of authorizing such a transfer unless prior notification of the transfer has been included in the Medi-Cal estimates submitted pursuant to Section 14100.5 of the Welfare and Institutions Code.

4260-113-0890—For local assistance, Department of Health Services, for payment to Item 4260-113-0001, payable from the Federal Trust Fund .....	63,630,000
4260-115-0890—For transfer by the Controller from the Federal Trust Fund to the Safe Drinking Water State Revolving Loan Fund .....	87,482,000
4260-116-0890—For transfer by the Controller to various federal funds .....	(12,128,000)

Provisions:

1. Pursuant to Chapter 734, Statutes of 1997, the Department of Health Services may transfer funds appropriated in this item to the Administrative Account of the Safe Drinking Water State Revolving Fund (0625), Water System Reliability Account of the Safe Drinking Water State Revolving Fund (0626), Source Protection Account of the Safe Drinking Water State Revolving Fund (0627), Small System Technical Assistance Account of the Safe Drinking Water State Revolving Fund (0628), and Safe Drinking Water State Revolving

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<p>Fund (0629) for the purpose of administering the California Safe Drinking Water Act. In addition, the Department of Health Services may transfer funds between the above-mentioned funds.</p> <p>2. Upon notification to the Department of Finance, the Department of Health Services may increase the amount appropriated in this item for transfer to the funds cited in Provision 1.</p>	
<p>4260-117-0001—For local assistance, Department of Health Services, for implementation of the Health Insurance Portability and Accountability Act .....</p>	5,621,000
<p>Schedule:</p> <p>(1) 20.10.010-Eligibility (County Administration) .....</p>	6,203,000
<p>(2) 20.10.020-Fiscal Intermediary Management .....</p>	35,125,000
<p>(4) Amount payable from the Federal Trust Fund (Item 4260-117-0890).—</p>	35,707,000
<p>Provisions:</p> <p>1. The funding appropriated in this item is limited to the amount specified in Section 17.00 of this act. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.</p>	
<p>4260-117-0890—For local assistance, Department of Health Services, for payment to Item 4260-117-0001, payable from the Federal Trust Fund, for implementation of the Health Insurance Portability and Accountability Act .....</p>	35,707,000
<p>Provisions:</p> <p>1. The funding appropriated in this item is limited to the amount specified in Control Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.</p>	
<p>4260-295-0001—For local assistance, Department of Health Services, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller .....</p>	9,000

Item	Amount
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Schedule:

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|--|-------|
| (1) 98.01.026.891-SIDS Contacts by Local Health Officers (Ch. 268, Stats. 1991) .....                      | 1,000 |
| (2) 98.01.045.374-SIDS Notices (Ch. 453, Stats. 1974).....   | 1,000 |
| (3) 98.01.091.692-Pacific Beach Safety (Ch. 916, Stats. 1992) .....  | 1,000 |
| (4) 98.01.095.589-SIDS Autopsies (Ch. 955, Stats. 1989) .....  | 1,000 |
| (5) 98.01.108.888-AIDS Search Warrants (Ch. 1088, Stats. 1988).....  | 1,000 |
| (6) 98.01.116.381-Medi-Cal Beneficiary Death Notices (Ch. 102, Stats. 1981 and Ch. 1163, Stats. 1981)..... | 1,000 |
| (7) 98.01.159.788-Inmates AIDS Testing (Ch. 1597, Stats. 1988) .....                                       | 1,000 |
| (8) 98.01.160.390-Perinatal services for alcohol/drug exposed infants (Ch. 1603, Stats. 1990) .....        | 1,000 |
| (9) 98.01.111.189-SIDS Training for Firefighters (Ch. 1111, Stats. 1989)                                   | 1,000 |

Provisions:

1. Except as provided in Provision 2 of this item, allocations of funds provided in this item to the appropriate local entities shall be made by the State Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated in this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.
2. If any of the scheduled amounts are insufficient to provide full reimbursement of costs, the State Controller may, upon notifying the Director of Finance in writing, augment those deficient amounts from the unencumbered balance of any other scheduled amounts therein. No order may be issued pursuant to this provision unless written notification of the necessity therefor is provided

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to the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee or his or her designee.	
4260-301-0001—For capital outlay, Department of Health Services.....	150,000
Schedule:	
(1) 94.50.030-Southern California Laboratory Space Needs—Study ..	150,000
4260-301-0660—For capital outlay, Department of Health Services, payable from the Public Buildings Construction Fund .....	47,527,000
Schedule:	
(1) 94.60.050-Richmond Laboratory Campus: Phase III Office Building—Construction.....	47,527,000
Provisions:	
1. The State Public Works Board may issue lease-revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance the construction of the project authorized in this item.	
2. The State Public Works Board and the Department of Health Services may obtain interim financing for the project costs authorized in this item from any appropriate source including, but not limited to, the Pooled Money Investment Account pursuant to Sections 16312 and 16313 of the Government Code.	
3. The State Public Works Board may authorize the augmentation of the cost of construction of the project scheduled in this item pursuant to the board's authority under Section 13332.11 of the Government Code. In addition, the State Public Works Board may authorize any additional amount necessary to establish a reasonable construction reserve and to pay the cost of financing including the payment of interest during construction of the project, the costs of financing a debt service fund, and the cost of issuance of permanent financing for the project. This additional amount may include interest payable on any interim financing obtained.	
4. Each participating agency or department is authorized and directed to execute and deliver any and all leases, contracts, agreements or other docu-	

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<p>ments necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the scheduled project.</p> <p>5. The State Public Works Board shall not be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (commencing with Section 21000 of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (commencing with Section 15800 of the Government Code). This section does not exempt any participating agency or department from the requirements of the California Environmental Quality Act. This section is intended to be declarative of existing law.</p>	
<p>4260-402—In the event the bonds authorized for the Capital Area Plan project in Chapter 761, Statutes 1997 are not sold, the Department of Health Services shall commit a sufficient portion of its support appropriation, as determined by the Department of Finance, which is provided for in this Budget Act to repay any interim financing. It is the intent of the Legislature that this commitment shall be included in future Budget Acts until all interim financing is repaid either through the proceeds from the sale of bonds or from an appropriation.</p>	
<p>4260-490—Reappropriation, Department of Health Services. Notwithstanding any other provision of law, the balance of the funds for the appropriations provided in the following citations are reappropriated for expenditure pursuant to the following provisions and are available for expenditure until June 30, 2003:</p> <p>0001—General Fund</p> <p>(1) Item 4260-001-0001, Budget Act of 2001 (Ch. 106, Stats. 2001)</p> <p>(2) 0890—Federal Trust Fund</p> <p>Item 4260-001-0890, Budget Act of 2001 (Ch. 106, Stats. 2001)</p> <p>Provisions:</p> <p>1. It is the intent of this item to continue funding approved activities for the automation projects that, due to schedule changes, result in unexpended appropriations one year and the need for additional funding in the following year. Therefore, notwithstanding any other provision of law, the balance of the appropriations for these automation projects may, upon approval of the Department of Finance,</p>	

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<p>be reappropriated for transfer to and in augmentation of the corresponding items in this act. The funds reappropriated by this provision shall be made available consistent with the amount approved by the Department of Finance and the Department of Information Technology based on an approved special project report or equivalent document not sooner than 30 days after providing notification in writing to the chairperson of the fiscal committee of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.</p>	
<p>2. Of the amount reappropriated in Schedules (1) and (2), up to \$200,000 (\$100,000 General Fund and \$100,000 federal funds) may be reappropriated for external counsel for defense of pending lawsuits.</p>	
<p>3. Of the amount reappropriated in Schedules (1) and (2), up to \$1,016,000 (\$508,000 General Fund) may be reappropriated to develop a pilot program to offer assisted living for Medi-Cal recipients.</p>	
<p>4260-491—Reappropriation, Department of Health Services. Notwithstanding any other provision of law, the balances of the appropriations provided for in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for in those appropriations, and shall be available for expenditure until June 30, 2003.</p>	
<p>0001—General Fund</p>	
<p>(1) Item 4260-001-0001, Budget Act of 2000, (2) 20—Health Care Services. The balance of the \$400,000 for the Medi-Cal Pharmacy Reimbursement Rate Study is reappropriated for the program in fiscal year 2002–03, subject to the limitations provided for in the appropriation.</p>	
<p>(2) Item 4260-001-0001, Budget Act of 2000, (2) 10—Public and Environmental Health. The balance of the \$250,000 for the interagency agreement or contract for the planning and development of a scientific protocol for the study of the effect of diet on the disease management of multiple sclerosis is reappropriated for the program in the 2002–03 fiscal year, subject to the limitations provided in the appropriation.</p>	



Item	Amount
4260-495—Reversion, Department of Health Services. As of June 30, 2002, \$1,000,000 of the appropriation provided in the following citation shall revert to the balance of the fund from which the appropriation was made: 0001—General Fund (1) Item 4260-001-0001, Budget Act of 2001 (Ch. 106, Stats. 2001) (2) 20-Health Care Services: Nursing Homes Quality Awards Program	
4260-496—Reversion, Department of Health Services. As of June 30, 2002, \$8,298,000 of the appropriation provided in the following citation shall be transferred to the General Fund. 3020—Tobacco Settlement Fund (1) \$8,298,000 from Item 4260-111-3020, Budget Act of 2001 (Ch. 106, Stats. of 2001)	
4270-001-0001—For support, California Medical Assistance Commission .....	1,096,000
Schedule:	
(1) 10-California Medical Assistance Commission.....	2,364,000
(2) Reimbursements.....	-1,177,000
(3) Amount payable from Emergency Services and Supplemental Payments Fund (Item 4270-001-0693).....	-91,000
4270-001-0693—For support, California Medical Assistance Commission, for payment to Item 4270-001-0001, payable from the Emergency Services and Supplemental Payments Fund.....	91,000
Provisions:	
1. To the extent that moneys available in the Emergency Services and Supplemental Payments Fund are less than the amount appropriated in this item, this appropriation shall be limited to that lesser amount.	
2. Notwithstanding any other provision of law, if revenues to the Emergency Services and Supplemental Payments Fund are sufficient to create additional allocation workload, the Director of Finance may authorize expenditures for the California Medical Assistance Commission in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint	

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Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
4280-001-0001—For support of Managed Risk Medical Insurance Board .....	1,777,000
Schedule:	
(1) 10-Major Risk Medical Insurance Program.....	866,000
(2) 20-Access for Infants and Mothers Program.....	824,000
(3) 40-Healthy Families Program .....	5,473,000
(4) Reimbursements .....	-98,000
(5) Amount payable from Perinatal Insurance Fund (Item 4280-001-0309).....	-824,000
(6) Amount payable from Major Risk Medical Insurance Fund (Item 4280-001-0313) .....	-866,000
(7) Amount payable from Federal Trust Fund (Item 4280-001-0890).....	-3,598,000
4280-001-0309—For support of Managed Risk Medical Insurance Board, for payment to Item 4280-001-0001, payable from the Perinatal Insurance Fund....	824,000
Provisions:	
1. Provision 1 of Item 4280-001-0313 also applies to this item.	
4280-001-0313—For support of Managed Risk Medical Insurance Board, for payment to Item 4280-001-0001, payable from the Major Risk Medical Insurance Fund .....	866,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the Managed Risk Medical Insurance Board in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
4280-001-0890—For support of Managed Risk Medical Insurance Board, for payment to Item 4280-001-0001, payable from Federal Trust Fund, for Healthy Families Program .....	3,598,000

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4280-101-0001—For local assistance, Managed Risk Medical Insurance Board, for the Healthy Families Program .....	69,709,000
Schedule:	
(1) 20-Access for Infants and Mothers Program.....	12,365,000
(2) 40-Healthy Families Program .....	771,619,000
(3) Reimbursements.....	-75,000
(4) Amount payable from the Federal Trust Fund (Item 4280-101-0890) .....	-479,448,000
(5) Amount payable from the Tobacco Settlement Fund (Item 4280-101-3020) .....	-234,752,000
Provisions:	
1. Upon order of the Director of Finance, the State Controller shall transfer such funds as are necessary between this item and Item 4280-102-0001 in order to effectively administer the Healthy Families Program.	
4280-101-0890—For local assistance, Managed Risk Medical Insurance Board, for payment to Item 4280-101-0001, payable from the Federal Trust Fund, for the Healthy Families Program.....	479,448,000
Provisions:	
1. Upon order of the Director of Finance, the State Controller shall transfer such funds, as are necessary between this item and Item 4280-102-0890 in order to effectively administer the Healthy Families Program.	
4280-101-3020—For local assistance, Managed Risk Medical Insurance Board, for payment to Item 4280-101-0001, payable from the Tobacco Settlement Fund, for the Healthy Families Program.....	234,752,000
4280-102-0001—For local assistance, Managed Risk Medical Insurance Board, for the Healthy Families Program administrative contracts.....	4,009,000
Schedule:	
(1) 40-Healthy Families Program .....	48,292,000
(2) Reimbursements.....	-11,414,000
(3) Amount payable from the Federal Trust Fund (Item 4280-102-0890).....	-32,869,000
Provisions:	
1. Upon order of the Director of Finance, the State Controller shall transfer such funds as are necessary between this item and Item 4280-101-0001 in	

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order to effectively administer the Healthy Families Program.	
4280-102-0890—For local assistance, Managed Risk Medical Insurance Board, for payment to Item 4280-102-0001, payable from the Federal Trust Fund, for Healthy Families Program administrative contracts.....	32,869,000
Provisions:	
1. Upon order of the Director of Finance, the State Controller shall transfer such funds, as are necessary between this item and Item 4280-101-0890 in order to effectively administer the Healthy Families Program.	
4280-111-0232—For transfer by the Controller from the Hospital Services Account, Cigarette and Tobacco Products Surtax Fund to the Perinatal Insurance Fund, for the Access for Infants and Mothers Program .....	(24,996,000)
4280-111-0233—For transfer by the Controller from the Physician Services Account, Cigarette and Tobacco Products Surtax Fund to the Perinatal Insurance Fund, for the Access for Infants and Mothers Program .....	(13,768,000)
4280-111-0236—For transfer by the Controller from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund to the Perinatal Insurance Fund, for the Access for Infants and Mothers Program .....	(26,076,000)
4280-112-0232—For transfer by the Controller from the Hospital Services Account, Cigarette and Tobacco Products Surtax Fund to the Major Risk Medical Insurance Fund, for the Major Risk Medical Insurance Program .....	(6,393,000)
4280-112-0233—For transfer by the Controller from the Physician Services Account, Cigarette and Tobacco Products Surtax Fund to the Major Risk Medical Insurance Fund, for the Major Risk Medical Insurance Program .....	(3,607,000)
4300-001-0001—For support of Department of Developmental Services .....	19,184,000
Schedule:	
(1) 10-Community Services Program...	13,459,000
(2) 20-Developmental Centers Program.	16,406,000
(3) 35.01-Administration.....	20,042,000
(4) 35.02-Distributed Administration ...	-20,042,000
(5) Reimbursements.....	-8,583,000

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(6) Amount payable from the Developmental Disabilities Program Development Fund (Item 4300-001-0172).....	-252,000
(7) Amount payable from the Federal Trust Fund (Item 4300-001-0890).....	-1,846,000

Provisions:

1. Upon order of the Director of Finance, the State Controller shall transfer such funds as are necessary between this item and Item 4300-003-0001 in order to appropriately align General Fund and Medi-Cal reimbursements from the Department of Health Services with budgeted activities. Within 10 working days after approval of a transfer as authorized by this provision, the Department of Finance shall notify the chairperson of the fiscal committee of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee of the transfer, including the amount transferred, how the amount was determined, and how the amount will be utilized.
2. The General Fund shall make a loan available to the State Department of Developmental Services not to exceed a cumulative total of \$2,000,000. The loan funds will be transferred to this item as needed to meet cashflow needs due to delays in collecting reimbursements for the Health Care Deposit Fund, and is subject to the repayment provisions in Section 16351 of the Government Code.
3. The Department may promulgate regulations specifically for implementing proposals to increase federal funding to the state. These regulations shall be deemed emergency regulations necessary for the immediate preservation of the public peace, health and safety, or general welfare for purposes of subdivision (b) of Section 11346.1 of the Government Code.
4. The Department of Developmental Services and the Department of Rehabilitation shall review the operation of Supported Employment Programs, Work Activity Programs, and other work activity programs in each department, as deemed appropriate by the departments. The departments shall jointly examine the rates paid to providers of these activities, the eligibility for participation in

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<p>each program, and consumer outcome measures. The two departments shall provide this information to budget and policy committees of the Legislature by February 1, 2003. The departments may include a recommendation for streamlining and consolidating these programs if the findings warrant the recommendation.</p>	
4300-001-0172—For support of Department of Developmental Services, for payment to Item 4300-001-0001, payable from the Developmental Disabilities Program Development Fund.....	252,000
4300-001-0890—For support of Department of Developmental Services, for payment to Item 4300-001-0001, payable from the Federal Trust Fund .....	1,846,000
Provisions:	
1. Upon order of the Director of Finance, the State Controller shall transfer such funds as are necessary between this item and Item 4300-101-0890 in order to effectively administer the Early Intervention Program (Part C of the Individuals with Disabilities Education Act).	
4300-003-0001—For support of Department of Developmental Services, for Developmental Centers.....	331,040,000
Schedule:	
(1) 20-Developmental Centers Program.....	610,192,000
(2) Reimbursements .....	-276,000,000
(3) Amount payable from the California State Lottery Education Fund (Item 4300-003-0814) .....	-2,497,000
(4) Amount payable from the Federal Trust Fund (Item 4300-003-0890).....	-655,000
Provisions:	
1. The General Fund shall make a loan available to the State Department of Developmental Services not to exceed a cumulative total of \$78,000,000. The loan funds will be transferred to this item as needed to meet cashflow needs due to delays in collecting reimbursements from the Health Care Deposit Fund, and subject to the repayment provisions of Section 16351 of the Government Code.	
2. Upon order of the Director of Finance, the State Controller shall transfer such funds as are necessary between this item and Item 4300-001-0001 in order to appropriately align General Fund and	

Item	Amount
<p>Medi-Cal reimbursements from the Department of Health Services with budgeted activities. Within 10 working days after approval of a transfer as authorized by this provision, the Department of Finance shall notify the chairperson of the fiscal committee of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee of the transfer, including the amount transferred, how the amount was determined, and how the amount will be utilized.</p>	
3. Of the amount appropriated in Schedule (1), \$444,000 is provided for payment of energy service contracts as required in connection with issuance of Public Works Board Energy Efficiency Revenue Bonds (State Pool Program), Series 1986 A.	
4. To the extent that the State Department of Developmental Services is eligible to receive additional Title XIX Medi-Cal reimbursements as a result of population increases in the developmental centers, the department is authorized to expend those reimbursements for the care of the additional clients upon approval of the Director of Finance.	
5. Upon order of the Director of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4300-101-0001. Within 10 working days after approval of a transfer as authorized by this provision, the Department of Finance shall notify the chairperson of the fiscal committee of each house of the Legislature of the transfer, including the amount transferred, how the amount was determined, and how the amount will be utilized.	
6. Forensic individuals will not be permitted at Lanterman Developmental Center.	
7. The number of severe behavior individuals at Lanterman Developmental Center (LDC) shall not exceed 128, provided, however, that (a) only severe behavior individuals with a Community Risk Grade of "1A" or "1B" will be admitted to, or housed at, LDC, and (b) no severe behavior individual will be admitted to, or housed at, LDC who has, at any time, been accused of or charged with the commission of a violent felony offense.	
8. The State Department of Developmental Services (DDS) shall notify the chairperson of each fiscal committee and policy committee of each house of	

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the Legislature of specific outcomes resulting from citations and the results of annual surveys conducted by the State Department of Health Services, as well as findings of any other government agency authorized to conduct investigations or surveys of state developmental centers. DDS shall forward the notifications, including a copy of the specific findings, to the chairpersons of the respective committees within 10 working days of its receipt of these findings. DDS also shall forward these findings, within three working days of submission, to the appropriate investigating agency. In addition, DDS shall provide notification to the above-mentioned committee chairs, within three working days, of its receipt of information concerning any investigation initiated by the United States Department of Justice and the private non-profit corporation designated by the Governor pursuant to Division 4.7 (commencing with Section 4900) of the Welfare and Institutions Code or concerning any findings or recommendations resulting from any of these investigations.

9. The total number of high-risk developmental center residents at Porterville Developmental Center shall not exceed 256, which is the capacity of buildings 13–18 (currently located behind fencing) at the Porterville Development Center, until Phase II and Phase III security improvement projects are complete. In addition, the requisite ratio of security personnel to resident populations shall be achieved and maintained before the number of high-risk residents are increased above 256 at the Porterville Developmental Center. Upon completion of Phase II and Phase III security improvement projects, the State Department of Developmental Services shall certify in writing that the requirements of this provision have been met, and this certification shall be provided to the Legislative Analyst, the fiscal and appropriate policy committees of the Legislature, the legislative representatives of the region, and the Community Advisory Board Representatives of the Porterville Developmental Center before the number of high-risk developmental center residents may be increased.



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4300-003-0814—For support of Department of Developmental Services, for payment to Item 4300-003-0001, payable from the California State Lottery Education Fund .....	2,497,000
Provisions:	
1. All funds received pursuant to Proposition 37 that are allocable to the Department of Developmental Services pursuant to Section 8880.5 of the Government Code, and that are in excess of the amount appropriated in this item, are hereby appropriated in augmentation of this item. These additional funds may be expended only upon written approval of the Director of Finance.	
4300-003-0890—For support of Department of Developmental Services, for payment to Item 4300-003-0001, payable from the Federal Trust Fund .....	655,000
Provisions:	
1. Upon order of the Director of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4300-101-0890 in order to effectively administer the Foster Grandparents Program.	
4300-004-0001—For support of Department of Developmental Services (Proposition 98), for Developmental Centers .....	11,448,000
Schedule:	
(1) 20-Developmental Centers Program.....	16,912,000
(a) 20.17-AB 1202 Contracts .....	3,000,000
(b) 20.66-Medi-Cal Eligible Education Services .....	13,912,000
(2) Reimbursements .....	-5,464,000
Provisions:	
1. Of the amount appropriated in this item, \$5,258,000 is to be used to provide the General Fund match for Medi-Cal Eligible Education Services.	
4300-017-0001—For support of Department of Developmental Services .....	690,000
Schedule:	
(1) 20-Developmental Centers Program.	1,380,000
(2) Reimbursements .....	-690,000
Provisions:	
1. The funding appropriated in this item is limited to the amount specified in Control Section 17.00.	

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<p>These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.</p>	

4300-101-0001—For local assistance, Department of Developmental Services, for Regional Centers .....	1,458,170,000
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Schedule:

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|---|---------------|
| (1) 10.10.010-Operations.....   | 404,281,000   |
| (2) 10.10.020-Purchase of Services..  | 1,780,703,000 |
| (3) 10.10.060-Early Intervention Programs .....   | 20,095,000    |
| (4) 10.70-Habilitation Services.....  | 15,172,000    |
| (5) Reimbursements .....  | -713,286,000  |
| (6) Amount payable from Developmental Disabilities Program Development Fund (Item 4300-101-0172)..... | -1,800,000    |
| (7) Amount payable from Federal Trust Fund (Item 4300-101-0890).....                                  | -46,995,000   |

Provisions:

1. Upon order of the Director of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4300-003-0001. The Director of Finance may authorize the transfer of funds between this item and Item 4260-101-0001 for the state’s share of expenditures for developmental services provided to persons eligible under the California Medical Assistance Program.
2. A loan shall be made available from the General Fund to the State Department of Developmental Services not to exceed a cumulative total of \$160,000,000. The loan funds shall be transferred to this item as needed to meet cashflow needs due to delays in collecting reimbursements from the Health Care Deposit Fund, and are subject to the repayment provisions of Section 16351 of the Government Code.
3. Upon order of the Director of Finance, in order to meet client services needs, the Controller shall transfer the General Fund share of budgeted client costs as necessary between this item and Items 5160-001-0001 and 5160-101-0001 to provide for the transfer of clients between the Department of Developmental Services and the Department of Rehabilitation resulting from program closures. The amount transferred shall be based on the

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amount budgeted per client by each department for the remainder of the fiscal year.	
4. Upon order of the Director of Finance, the Controller shall transfer funds as are necessary between this item and Item 5160-001-0001 to provide for the transportation costs to and from work activity programs of clients who are receiving vocational rehabilitation services through the Vocational Rehabilitation/Work Activity Program (VR/WAP) Transition Program.	
4300-101-0172—For local assistance, Department of Developmental Services, for payment to Item 4300-101-0001, payable from the Developmental Disabilities Program Development Fund .....	1,800,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the Department of Developmental Services in excess of the amount appropriated no sooner than 30 days after notification in writing of the chairperson of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or no sooner than such lesser time as the chairperson of the committee, or his or her designee, may in each instance determine.	
4300-101-0890—For local assistance, Department of Developmental Services, for Regional Centers, for payment to Item 4300-101-0001, payable from Federal Trust Fund.....	46,995,000
Provisions:	
1. Upon order of the Director of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4300-001-0890 in order to effectively administer the Early Intervention Program (Part C of the Individuals with Disabilities Education Act).	
2. Upon order of the Director of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4300-003-0890 in order to effectively administer the Foster Grandparents Program.	
4300-117-0001—For local assistance, Department of Developmental Services .....	167,000
Schedule:	
(1) 10.10.010-Regional Centers: Operations.....	334,000
(2) Reimbursements.....	-167,000

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Provisions:	
1. The funding appropriated in this item is limited to the amount specified in Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.	
4300-295-0001—For local assistance, Department of Developmental Services, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller.....	4,000
Schedule:	
(1) 98.01.064.480-Judicial Proceedings (Ch. 644, Stats. 1980) .....	1,000
(2) 98.01.069.475-Attorney Fees (Ch. 694, Stats. 1975) .....	1,000
(3) 98.01.125.380-MR Representation (Ch. 1253, Stats. 1980) .....	1,000
(4) 98.01.130.480-Conservatorship (Ch. 1304, Stats. 1980) .....	1,000
(5) 98.01.135.776-Guardianship/Conservatorship filings (Ch. 1357, Stats. 1976) .....	0
Provisions:	
1. Except as provided in Provision 2, allocations of funds provided in this item to the appropriate local entities shall be made by the Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated in this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.	
2. If any of the scheduled amounts are insufficient to provide full reimbursement of costs, the Controller may, upon notifying the Director of Finance in	

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<p>writing, augment those deficient amounts from the unencumbered balance of any other scheduled amounts therein. No order may be issued pursuant to this provision unless written notification of the necessity therefor is provided to the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee or his or her designee.</p> <p>3. Pursuant to Section 17581 of the Government Code, mandates identified in the appropriation schedule of this item with an appropriation of \$0 and included in the language of this provision are specifically identified by the Legislature for suspension during the 2001–02 fiscal year:            (5) Guardianship/Conservatorship filings (Ch. 1357, Stats. 1976)</p>	
<p>4300-490—Reappropriation, Department of Developmental Services. Notwithstanding any other provision of law, as of June 30, 2002, the balances of the appropriations provided in the following citations are reappropriated for the purposes specified and shall be available for expenditure until June 30, 2003, unless otherwise stated.</p> <p>0001—General Fund</p> <p>(1) Item 4300-101-0001 (1) 10.10.010 and (2) 10.10.020, Budget Act of 2001 (Ch. 106, Stats. 2001) for the Life Quality Assessment Inter-agency Agreement with the Organization of Area Boards on Developmental Disabilities.</p> <p>(2) The balance of \$450,000 appropriated for the Los Angeles Forensic Project in Item 4300-101-0001 (1) 10.10.010, Budget Act of 2001 (Ch. 106, Stats. 2001) is reappropriated for transfer to and in augmentation of Item 4300-101-0001 (1) 10.10.010 of Section 2.00 of this act for completion of the project.</p> <p>(3) Up to \$700,000 appropriated for the California Developmental Disabilities Information System in Item 4300-101-0001 (1) 10.10.010, Budget Act of 2001 (Ch. 106, Stats. 2001), shall be reappropriated for purposes of project management and training services.</p>	
<p>4300-495—Reversion, Department of Developmental Services. As of June 30, 2002, the following amounts from the appropriation provided in the following ci-</p>	

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tations shall revert to the fund balance of the fund from which the appropriation was made:	
0001—General Fund	
(1) \$25,000,000 from Item 4300-101-0001, (b) 10.10.020, Budget Act of 2000 (Ch. 52, Stats. 2000)	
(2) \$14,000,000 from Item 4300-101-0001, (2) 10.10.020, Budget Act of 2001 (Ch. 106, Stats. 2001)	
4440-001-0001—For support of Department of Mental Health .....	28,442,000
Schedule:	
(1) 10-Community Services .....	33,679,000
(2) 20-Long-Term Care Services .....	11,991,000
(3) 35.01-Departmental Administration ..	17,740,000
(4) 35.02-Distributed Departmental Administration .....	-17,740,000
(5) Reimbursements .....	-13,153,000
(6) Amount payable from the Restitution Fund (Item 4440-001-0214)...	-737,000
(7) Amount payable from the Traumatic Brain Injury Fund (Item 4440-001-0311).....	-178,000
(8) Amount payable from the Federal Trust Fund (Item 4440-001-0890).	-3,160,000
Provisions:	
1. Upon order of the Director of Finance, and following 30-day notification to the Joint Legislative Budget Committee, the Controller shall transfer between this item and Item 4440-016-0001 those funds that are necessary for direct community services, as well as administrative and ancillary services related to the provision of direct services.	
2. It is the intent of the Legislature that the \$120,000 in savings achieved with the reduction of two vacant positions from state support of the Department of Mental Health’s headquarters be used to restore funding for patients’ rights contracts.	
4440-001-0214—For support of Department of Mental Health, for payment to Item 4440-001-0001, payable from the Restitution Fund .....	737,000
4440-001-0311—For support of Department of Mental Health, for payment to Item 4440-001-0001, payable from the Traumatic Brain Injury Fund.....	178,000
4440-001-0890—For support of Department of Mental Health, for payment to Item 4440-001-0001, payable from the Federal Trust Fund .....	3,160,000

Item	Amount
Provisions:	
1. Upon order of the Department of Finance, the State Controller shall transfer such funds as are necessary between this item and Item 4440-101-0890.	
4440-003-0001—For support of the Department of Mental Health for rental payments on lease revenue bonds .....	2,927,000
Schedule:	
(1) Base Rent and Fees.....	2,893,000
(2) Insurance .....	34,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
4440-011-0001—For support of the State Hospitals, Department of Mental Health .....	444,786,000
Schedule:	
(1) 20.10-Long-Term Care Services— Lanterman-Petris-Short.....	95,192,000
(2) 20.20-Long-Term Care Services— Penal Code and Judicially Committed.....	444,788,000
(3) 20.30-Long-Term Care Services— Other State Hospital Services .....	42,549,000
(4) Reimbursements .....	-137,187,000
(5) Amount payable from the California State Lottery Education Fund (Item 4440-011-0814) .....	-556,000
Provisions:	
1. Upon order of the Director of Finance, the Controller shall transfer such funds as are necessary between this item and Item 5240-001-0001.	
2. Upon order of the Director of Finance, and following 30-day notification to the Joint Legislative Budget Committee, the Controller shall transfer between this item and Item 4440-016-0001 those funds that are necessary for direct community services, as well as administrative and ancillary services related to the provision of direct services.	
3. Upon approval of the State Department of Mental Health, a portion of the funds appropriated in Schedule (2) shall be available to reimburse counties for the cost of treatment and legal services to	

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- patients in the four State Department of Mental Health State Hospitals, pursuant to Section 4117 of the Welfare and Institutions Code. Expenditures made under this item shall be charged to either the fiscal year in which the claim is received or the fiscal year in which the Controller issues the warrant. Claims filed by local jurisdictions for legal services may be scheduled by the Controller for payment.
4. The reimbursements identified in Schedule (4) of this item shall include amounts received by the State Department of Mental Health as a result of billing for LPS state hospital bed day expenditures attributable to conservatees who are gravely disabled as defined in subparagraph (B) of paragraph (1) of subdivision (h) of Section 5008 of the Welfare and Institutions Code (Murphy Conservatee).
  5. Of the total amount attributable in the 2002–03 fiscal year to patient-generated collections for LPS patients, the Controller shall transfer the first \$8,000,000 as revenue to the General Fund, and the remainder shall be used to offset county costs for LPS state hospital beds.
  6. Transfers of low- and medium-security risk Penal Code patients to Napa State Hospital or Metropolitan State Hospital shall be arranged on a flow basis to ensure community security and safety and patient stability. In no instance shall the number of Penal Code or forensic patients admitted exceed 30 patients in any month at either state hospital.
  7. The State Department of Mental Health shall provide specialized training to level-of-care and, as necessary, nonlevel-of-care, staff at both Napa and Metropolitan State Hospitals to ensure the safest and most therapeutic environment possible for both patients and employees.
  8. The State Department of Mental Health shall provide specialized training to local law enforcement agencies located in the immediate vicinity of Napa State Hospital and Metropolitan State Hospital, as needed, in order to ensure both patient and local community safety. At a minimum, the training shall include information on how to identify a patient, procedures for notifying the state hospitals, and techniques for diffusing and appropriately controlling potentially difficult situations.



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- 9. The State Department of Mental Health shall consult with the Sheriff of the County of Napa and the Police Chief of the City of Napa in the development and ongoing modification of a security plan for Napa State Hospital. The department shall also consult a city official designated by the City of Norwalk.
- 10. Notwithstanding Section 27.00, the State Department of Finance may submit a deficiency request if the state mental hospital population increases beyond the level for which the Legislature budgeted.
- 11. Funds appropriated to accommodate projected hospital population levels in excess of those that actually materialize, if any, shall revert to the General Fund. However, the Director of Finance may approve an increase in expenditures that are not related to caseload for the state hospitals through the redirection of funding that is reasonably believed not to be needed for accommodating projected hospital population levels if the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairperson of each house of the Legislature that considers appropriations not later than 30 days prior to the effective date of the approval, or prior to whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine. All notifications shall include (a) the reason for the proposed redirection of caseload funding to expenditures that are not related to caseload, (b) the approved amount, and (c) the basis of the director's determination that the funding is not needed for accommodating projected hospital population levels.

4440-011-0814—For support of Department of Mental Health, for payment to Item 4440-011-0001, payable from the California State Lottery Education Fund... Provisions:

556,000

- 1. All funds received pursuant to Proposition 37 that are allocable to the Department of Mental Health pursuant to Section 8880.5 of the Government Code, and that are in excess of the amount appropriated in this item, are appropriated in augmentation of this item. These additional funds may be

Item	Amount
<p>expended only upon written approval of the Director of Finance.</p> <p>4440-012-0001—For support of the State Hospitals (Proposition 98), Department of Mental Health ..... Schedule:</p> <p>(1) 20.10-Long-Term Care Services— Lanterman-Petris-Short..... 3,400,000</p> <p>Provisions:</p> <p>1. The funds appropriated in this item are available to contract for the provision of education services for mental health patients on state hospital grounds.</p>	<p>3,400,000</p>
<p>4440-016-0001—For support of Department of Mental Health, for Conditional Release Services..... Schedule:</p> <p>(1) 20-Long-Term Care Services ..... 18,915,000</p> <p>Provisions:</p> <p>1. The funds appropriated in this item shall be used to provide community services as provided in Section 4360 of the Welfare and Institutions Code. These funds shall support direct community services, as well as administrative and ancillary services related to the provision of direct services.</p> <p>2. Upon order of the Director of Finance, and following 30-day notification to the Joint Legislative Budget Committee, the Controller shall transfer between this item and Items 4440-001-0001 and 4440-011-0001 those funds that are necessary for direct community services, as well as administrative and ancillary services related to the provision of direct services.</p> <p>3. The State Department of Mental Health shall provide forensic conditional release services mandated either in Title 15 (commencing with Section 1600) of Part 2 or in Title 15 (commencing with Section 2960) of Article 3 of the Penal Code, through contracts with programs which integrate the supervision and treatment roles and providers selected consistent with Section 1615 of the Penal Code.</p> <p>4. Of the funds appropriated in this item, it is intended that no funds shall be available for the payment of treatment services to persons on court visit from state hospitals to the community as designated in subdivision (a) of Section 4117 of the Welfare and Institutions Code.</p>	<p>18,915,000</p>

Item	Amount
4440-017-0001—For support of Department of Mental Health .....	1,211,000
Schedule:	
(1) 10-Community Services .....	1,548,000
(2) 20-Long-Term Care Services .....	874,000
(3) 35.01-Departmental Administration .....	1,658,000
(4) 35.02-Distributed Departmental Administration .....	-1,658,000
(5) Reimbursements .....	-1,211,000
Provisions:	
1. The funding appropriated in this item is limited to the amount specified in Control Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.	
4440-101-0001—For local assistance, Department of Mental Health.....	106,128,000
Schedule:	
(1) 10.25-Community Services—Other Treatment .....	1,142,885,000
(2) 10.40-Community Services—Adult System of Care .....	2,000,000
(3) 10.47-Community Services—Children’s Mental Health Services .....	33,800,000
(4) 10.85-Community Services—AIDS .....	1,500,000
(5) 10.97-Community Services—Healthy Families .....	7,795,000
(6) Reimbursements .....	-1,081,852,000
Provisions:	
1. Augmentations to reimbursements in this item from the Office of Emergency Services for Disaster Relief are exempt from Section 28.00 of this act. The State Department of Mental Health shall provide written notification to the Joint Legislative Budget Committee describing the nature and planned expenditure of these augmentations when the amount received exceeds \$200,000.	
2. It is the intent of the Legislature that local expenditures for mental health services for Medi-Cal eligible individuals serve as the match to draw down maximum federal financial participation to continue the Short-Doyle/Medi-Cal program.	
3. Subject to the approval of the Supportive Housing Program Council, a portion of the funds appropriated by this item may be used for rental subsidies for program participants. The department may	

Item	Amount
<p>contract with the Department of Housing and Community Development for administration of this housing component. To facilitate implementation, and subject to approval of the Supportive Housing Program Council, the department may transfer funds appropriated for this provision to the Housing Rehabilitation Loan Fund (0929) to serve program participants.</p>	
<p>4440-101-0311—For local assistance, Department of Mental Health, all funds that are transferred into the Traumatic Brain Injury Fund pursuant to subdivision (f) of Section 1464 of the Penal Code.....</p>	1,219,000
<p>Schedule:</p>	
<p>(1) 10.87-Community Services—</p>	
<p style="padding-left: 2em;">Traumatic Brain Injury Projects....</p>	1,561,000
<p>(2) Reimbursements.....</p>	-342,000
<p>4440-101-0890—For local assistance, Department of Mental Health, payable from the Federal Trust Fund .....</p>	59,629,000
<p>Schedule:</p>	
<p>(1) 10.25-Community Services—Other</p>	
<p style="padding-left: 2em;">Treatment .....</p>	52,290,000
<p>(1.5) 10.47-Community Services—</p>	
<p style="padding-left: 2em;">Children’s Mental Health Services.</p>	2,000,000
<p>(2) 10.75-Community Services—</p>	
<p style="padding-left: 2em;">Homeless Mentally Disabled .....</p>	5,339,000
<p>Provisions:</p>	
<p>1. The funds appropriated in this item are for assistance to local agencies in the establishment and operation of mental health services, in accordance with Division 5 (commencing with Section 5000) of the Welfare and Institutions Code.</p>	
<p>2. The Department of Mental Health may authorize advance payments of federal grant funds on a monthly basis to the counties for grantees. These advance payments may not exceed one-twelfth of Section 2.00 of the individual grant award for the 2001–02 fiscal year.</p>	
<p>3. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4440-001-0890.</p>	
<p>4440-102-0001—For local assistance, Department of Mental Health (Proposition 98) for early mental health services.....</p>	15,000,000

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4440-103-0001—For local assistance, Department of Mental Health, Program 10.25-Community Services: Other Treatment for Mental Health Managed Care .....	213,155,000
Provisions:	
1. The allocation of funds appropriated in this item shall be determined based on a methodology developed by the Department of Mental Health in consultation with a statewide organization representing counties. This methodology shall be based on a review of actual and projected expenditures for mental health services for Medi-Cal beneficiaries, by county.	
2. Of the amount appropriated in this item, \$8,000,000 shall be transferred to the Mental Health Managed Care Deposit Fund (Fund 0865).	
3. Upon order of the Director of Finance and agreement between the Department of Mental Health and the Department of Health Services, the Controller shall transfer between this item and Item 4260-101-0001 any General Fund amount determined necessary to fully reflect the transfer of responsibility for administration of mental health services pursuant to the implementation of mental health managed care.	
4. Notwithstanding any other provision of law, the emergency regulations adopted pursuant to Section 14680 of the Welfare and Institutions Code to implement the second phase of Mental Health Managed Care as provided in Part 2.5 (commencing with Section 5775) of Division 5 of the Welfare and Institutions Code shall remain in effect until July 1, 2003, or until the regulations are made permanent, whichever occurs first, and shall not be subject to the repeal provisions of Section 11346.1 of the Government Code until that time.	
4440-111-0001—For local assistance, Department of Mental Health, for caregiver resource centers serving families of adults with acquired brain injuries ..	11,747,000
4440-295-0001—For local assistance, Department of Mental Health, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or of Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller .....	6,000

Item	Amount
Schedule:	
(1) 98.01.049.877-Coroner’s Costs (Ch. 498, Stats. 1977) .....	1,000
(2) 98.01.081.579-Short-Doyle Case Management (Ch. 815, Stats. 1979).....	0
(3) 98.01.103.678-Mentally Disordered Offender Reccommitments (Ch. 1036, Stats. 1978).....	1,000
(4) 98.01.111.479-Not Guilty By Reason of Insanity (Ch. 1114, Stats. 1979).....	1,000
(5) 98.01.132.784-Short-Doyle Audits (Ch. 1327, Stats. 1984) .....	0
(6) 98.01.135.285-Residential Care Services (Ch. 1352, Stats. 1985)...	0
(7) 98.01.174.784-Services to Handi- capped Students (Ch. 1747, Stats. 1984).....	1,000
(8) 98.01.076.295-Sexually Violent Predators (Chs. 762 and 763, Stats. 1995).....	1,000
(9) 98.01.065.496-Seriously Emotion- ally Disturbed Pupils (Ch. 654, Stats. 1996).....	1,000
Provisions:	
1. Except as provided in Provision 2 of this item, allocations of funds provided in this item to the appropriate local entities shall be made by the State Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated in this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.	
2. If any of the scheduled amounts are insufficient to provide full reimbursement of costs, the State Controller may, upon notifying the Director of Finance in writing, augment those deficient	

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<p>amounts from the unencumbered balance of any other scheduled amount therein. No order may be issued pursuant to this provision unless written notification of the necessity therefor is provided to the chairperson of the committee in each house which considers appropriations and the Chairperson of the Joint Legislative Budget Committee or his or her designee.</p> <p>3. Pursuant to Section 17581 of the Government Code, mandates identified in the appropriation schedule of this item with an appropriation of \$0 and included in the language of this provision are specifically identified by the Legislature for suspension during the 2002–03 fiscal year:</p> <p style="padding-left: 20px;">(2) Short-Doyle Case Management (Ch. 815, Stats. 1979)</p> <p style="padding-left: 20px;">(5) Short-Doyle Audits (Ch. 1327, Stats. 1984)</p> <p style="padding-left: 20px;">(6) Residential Care Services (Ch. 1352, Stats. 1985)</p>	
<p>4440-301-0001—For capital outlay, Department of Mental Health .....</p> <p>Schedule:</p> <p style="padding-left: 20px;">(1) 55.45.265-Patton: Install Alarm System in G, O, P and T Buildings—Construction .....</p> <p style="padding-left: 20px;">(2) 55.45.275-Patton: Upgrade Electrical Generator Plant—Preliminary plans.....</p>	<p>736,000</p> <p>603,000</p> <p>133,000</p>
<p>4440-301-0660—For capital outlay, Department of Mental Health, payable from the Public Buildings Construction Fund .....</p> <p>Schedule:</p> <p style="padding-left: 20px;">(1) 55.18.235-Atascadero: Construct Multipurpose Building—Working drawings and construction .....</p> <p style="padding-left: 20px;">(2) 55.35.305-Metropolitan: Construct School Building—Working drawings and construction.....</p> <p>Provisions:</p> <p>1. The State Public Works Board may issue lease-revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance the construction of the projects authorized by this item.</p>	<p>20,808,000</p> <p>13,703,000</p> <p>7,105,000</p>

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<p>2. The State Public Works Board and the Department of Mental Health may obtain interim financing for the project costs authorized in this item from any appropriate source including, but not limited to, Section 15849.1 of the Government Code and the Pooled Money Investment Account pursuant to Sections 16312 and 16313 of the Government Code.</p> <p>3. The State Public Works Board may authorize the augmentation of the cost of construction of the projects scheduled in this item pursuant to the board's authority under Section 13332.11 of the Government Code. In addition, the State Public Works Board may authorize any additional amount necessary to establish a reasonable construction reserve and to pay the cost of financing, including the payment of interest during construction of the projects, the costs of financing a debt service fund, and the cost of issuance of permanent financing for the projects. This additional amount may include interest payable on the interim financing obtained.</p> <p>4. Each participating agency or department is authorized and directed to execute and deliver any and all leases, contracts, agreements or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the scheduled projects.</p> <p>5. The State Public Works Board shall not be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (commencing with Section 21000 of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (commencing with Section 15800 of the Government Code). This section does not exempt any participating agency or department from the requirements of the California Environmental Quality Act. This section is intended to be declarative of existing law.</p>	
<p>4440-493—Reappropriation, Department of Mental Health. Notwithstanding any other provision of law, the balance of the appropriations provided in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise speci-</p>	



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<p>fied, provided for in that appropriation, and shall be available for expenditure until June 30, 2003:</p> <p>0001—General Fund</p> <p>Item 4440-301-0001, Budget Act of 2001 (Ch. 106, Stats. 2001)</p> <p>(4) 55.45.265-Patton: Install Alarm System in G, O, P, and T Buildings—Working drawings.</p> <p>0660—Public Buildings Construction Fund</p> <p>Item 4440-301-0660, Budget Act of 2001 (Ch. 106, Stats. 2001)</p> <p>(1) 55.18.255-Sexually Violent Predator Facility—Construction.</p> <p>4440-497—Reversion, Department of Mental Health. As of June 30, 2002, the appropriation amount in the following citation shall revert to the fund from which the appropriation was made:</p> <p>0001—General Fund</p> <p>Item 4440-101-0001, Budget Act of 2001 (Ch. 106, Stats. 2001)</p> <p>(1) 10.25-Community Services—Other</p> <p style="padding-left: 20px;">Treatment..... 3,142,000</p> <p>4700-001-0001—For support of Department of Community Services and Development ..... 288,000</p> <p>Schedule:</p> <p>(1) 47-Naturalization Services ..... 288,000</p> <p>4700-001-0890—For support of Department of Community Services and Development, payable from the Federal Trust Fund ..... 9,365,000</p> <p>Schedule:</p> <p>(1) 20-Energy Programs..... 8,582,000</p> <p>(2) 40-Community Services ..... 2,900,000</p> <p>(3) 50.01-Administration..... 3,200,000</p> <p>(4) 50.02-Distributed Administration ... -3,200,000</p> <p>(5) Reimbursements..... -2,117,000</p> <p>Provisions:</p> <p>1. On a federal fiscal year basis, the Department of Community Services and Development shall make the following program allocation for the community services block grant, as a percentage of the total block grant:</p> <p style="padding-left: 20px;">(a) Administration ..... 5 percent</p> <p>2. Any unexpended federal funds from Item 4700-001-0890, Budget Act of 2001, shall be in augmentation of Item 4700-001-0890 of this act and not subject to the provisions of Section 28.00.</p> <p>4700-101-0001—For local assistance, Department of Community Services and Development ..... 3,601,000</p>	

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Schedule:	
(1) 40-Community Services .....	1,000,000
(2) 47-Naturalization Services .....	8,476,000
(3) Reimbursements .....	-5,875,000
4700-101-0890—For local assistance, Department of Community Services and Development, for assis- tance to individuals and payments to service provid- ers, payable from the Federal Trust Fund .....	141,903,000
Schedule:	
(1) 20-Energy Programs .....	86,985,000
(2) 40-Community Services .....	57,032,000
(3) Reimbursements .....	-2,114,000
Provisions:	
1. On a federal fiscal year basis, the department shall make the following program allocations for the community services block grant as a percentage of the total block grant:	
(a) Discretionary .....	5 percent
(b) Migrant and seasonal farm workers .....	10 percent
(c) Native American Indian programs .....	3.9 percent
(d) Community action agencies and rural community ser- vices .....	76.1 percent
All grantees under the community services block grant program shall be subject to standard state contracting procedures required under the pro- gram.	
2. Funds collected by the department from energy contractors as a result of overpayments shall be used for local assistance for energy programs, and funds collected from community service block grant (CSBG) contractors as a result of overpay- ments shall be used for local assistance for CSBG programs in 2002–03.	
3. Funds scheduled in Item 4700-101-0890 may be transferred to Item 4700-001-0890 for the admin- istration of the Low Income Home Energy Assis- tance Programs, subject to approval of the Depart- ment of Finance.	
4. Any unexpended federal funds from Item 4700- 101-0890, Budget Act of 2001, shall be in aug- mentation of Item 4700-101-0890 of this act and not subject to the provisions of Section 28.00.	

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5100-001-0001—For support of Employment Development Department, for payment to Item 5100-001-0870.....	22,919,000
5100-001-0185—For support of Employment Development Department, for payment to Item 5100-001-0870, payable from the Employment Development Contingent Fund.....	17,906,000
Provisions:	
1. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated for administration pursuant to Section 1586 of the Unemployment Insurance Code.	
2. Notwithstanding the provisions of Item 9840-001-0494, the Director of Finance may authorize the creation of deficiencies pursuant to Section 11006 of the Government Code for the purposes of this item.	
3. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
5100-001-0514—For support of Employment Development Department, for payment to Item 5100-001-0870, payable from the Employment Training Fund .....	84,047,000
Provisions:	
1. Notwithstanding subdivision (a) of Section 2.00 of this act, funds disencumbered from Employment Training Fund training contracts during 2002–03 that have not reverted as of July 1, 2002, are hereby appropriated for transfer to, and in augmentation of, this item for allocation by the Employment Training Panel for training contracts.	
2. Any funds appropriated for the Employment Development Department, State-Local Cooperative Labor Market Information Program, if not expended by June 30, 2003, shall be made available to the Employment Training Fund for purposes of funding job training contracts.	
5100-001-0588—For support of Employment Development Department, for payment to Item 5100-001-0870, payable from the Unemployment Compensation Disability Fund.....	157,813,000
Provisions:	
1. The Employment Development Department shall submit on October 1, 2002, and April 20, 2003, to the Department of Finance for its review and ap-	

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proval, an estimate of expenditures for both the current and budget years, including the assumptions and calculations underlying Employment Development Department projections for expenditures from this item. The Department of Finance shall approve, or modify, the assumptions underlying all estimates within 15 working days of the due date. If the Department of Finance does not approve or modify in writing, the assumptions underlying all estimates within 15 working days of the due date, the Employment Development Department shall consider the assumptions and calculations approved as submitted. If the Department of Finance determines that the estimate of expenditures differs from the amount appropriated by this item, the Director of Finance shall so report to the Legislature. At the time the report is made, the amount of this appropriation shall be adjusted by the difference between this Budget Act appropriation and the approved estimate of the Department of Finance. Revisions reported pursuant to this provision are not subject to Section 28.00 of this act.

- 2. Notwithstanding the provisions of Item 9840-001-0988, the Director of Finance may authorize the creation of deficiencies pursuant to Section 11006 of the Government Code, for the purposes of this item.

5100-001-0869—For support of state programs under the Workforce Investment Act (WIA), Employment Development Department, payable from the Consolidated Work Program Fund ..... 178,131,000

Schedule:

- (1) 61-Workforce Investment Act (WIA) Program.....133,131,000
- (2) 62-National Emergency Grant Program..... 45,000,000

Provisions:

- 1. Provision 1 of Item 5100-001-0588 also applies to this item.
- 2. The agency secretary responsible for oversight of the California Workforce Investment Board and the Employment Development Department, with the approval of the Department of Finance, and not sooner than 30 days after notification to the Joint Legislative Budget Committee, is authorized to transfer funds appropriated in this item to

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the California Workforce Investment Board, Federal Trust Fund, Item 5120-001-0890, to facilitate the implementation and operation of the Workforce Investment Act Program.

3. From funds available in this item for Workforce Investment Act rapid response dislocated worker projects, the department shall provide \$875,000 through an interagency agreement with the Department of Community Services and Development to provide naturalization and citizenship services through its network of community-based organizations. The services shall provide assistance to airport workers who have lost or are likely to lose their jobs due to new federal requirements for citizenship as a condition of employment. Service contracts shall use the Workforce Investment Act of 1998 eligibility, performance, and monitoring requirements.
4. Of the funds appropriated in this item, up to \$4,000,000 shall be used to provide grants to community organizations, including faith-based and secular organizations that are not owned or operated as pervasively sectarian institutions, and that have been limited in their ability to take advantage of this funding due to limited resources and a lack of experience in dealing with the competitive contracting process and the allocation processes currently in place at the local level, but which reach and serve the most difficult to serve and hardest to employ individuals. No pervasively sectarian religious organization is eligible for funds under this item, but a separate nonprofit entity or affiliate that is a tax-exempt organization under Section 501(c)(3) of the federal Internal Revenue Code may apply for and receive grants under its own auspices. In awarding grants, the Employment Development Department shall use a competitive bidding process that includes grants that shall be awarded using a process that shall include provisions regarding existing constitutional protections. Grants or contracts awarded under this section shall comply with Section 4 of Article I and Section 5 of Article XVI of the California Constitution, state and federal civil rights laws, and the First Amendment to the United States Constitution in regard to pervasively sectarian organizations. These legal constraints include pro-

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<p>hibitions on discrimination against beneficiaries and staff based on protected categories and the promoting of religious doctrine to advance sectarian beliefs. It is the intent in funding these grants that the Employment Development Department assist recipient organizations in competing for ongoing funding from other public and private sources. In implementing this program, the department shall also ensure coordination with existing county programs. Of the funds set aside in this provision, the department may use up to \$250,000 for administrative expenses, subject to approval by the Department of Finance.</p> <p>5. Of the funds appropriated in this item, \$300,000 in Discretionary Workforce Investment Act Funds shall be allocated for the Youthbuild program.</p>	
5100-001-0870—For support of Employment Development Department, payable from the Unemployment Administration Fund—Federal .....	598,147,000
Schedule:	
(1) 10-Employment and Employment Related Services .....	206,768,000
(2) 21-Tax Collections and Benefit Payments .....	728,916,000
(3) 22-California Unemployment Insurance Appeals Board .....	71,040,000
(4) 30.01-General Administration .....	46,951,000
(5) 30.02-Distributed General Administration.....	-46,709,000
(6) 40-Welfare-to-Work Program .....	1,407,000
(7) 50-Employment Training Panel.....	76,033,000
(9) Reimbursements.....	-25,621,000
(10) Amount payable from the General Fund (Item 5100-001-0001) .....	-22,919,000
(12) Amount payable from the Employment Development Contingent Fund (Item 5100-001-0185).....	-17,906,000
(13) Amount payable from the Employment Training Fund (Item 5100-001-0514) .....	-84,047,000
(14) Amount payable from the Unemployment Compensation Disability Fund (Item 5100-001-0588) ..	-157,813,000
(14.5) Amount payable from the Unemployment Fund-Federal (Item 5100-001-0871).....	-177,120,000

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(15) Amount payable from the School Employees Fund (Item 5100-001-0908).....		-833,000
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Provisions:

1. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated pursuant to Section 1555 of the Unemployment Insurance Code.
2. Provision 1 of Item 5100-001-0588 also applies to funds appropriated in this item for the Unemployment Insurance Program.
3. By February 1, 2003, the department shall report to the Legislature on the amount of funds it expects to expend to participate in California’s One-Stop System for State Fiscal Year 2002–03. This report shall include the number of staff committed and the total cost to participate in each one-stop. All departments are expected to report this information in a consistent format, provided by the department, to allow comparison of the state’s expected contributions to the various one-stops in California. In preparing the report, the department shall coordinate with other state agencies that are also required to report their one-stop costs.

5100-001-0871—For support of Employment Development Department, for payment to Item 5100-001-0870, payable from the Unemployment Fund Federal, to be available for expenditure until the end of the 2006–07 fiscal year, except that moneys subject to Provision 3 of this item are available for expenditure during the 2002–03 fiscal year .....		177,120,000
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Provisions:

1. These moneys shall be expended in accordance with paragraph (2) of subdivision (c) of Section 903 of the Social Security Act.
2. The following amounts shall be used as follows:
  - (a) \$20,000,000 for administrative costs to create an alternate base period, which would allow for expansion of the Unemployment Insurance (UI) program by using recent wages for the purpose of establishing benefit eligibility.
  - (b) \$65,000 for administrative costs to create and implement a trigger mechanism for UI extended benefits.
  - (c) \$500,000 for the review of the Employment Tax System through a contract with a qualified consulting firm to review business opera-

Item	Amount
<ul style="list-style-type: none"> <li>tions and automated systems of EDD’s tax programs.</li> <li>(d) \$6,500,000 to upgrade the UI call centers to expand capacity and improve customer service.</li> <li>(e) \$5,100,000 to develop electronic UI claim filing over the Internet.</li> <li>(f) \$500,000 to fund a study with a qualified consultant for improving EDD’s single client database system to enhance efficiency and effectiveness of claim filing and benefit payments, to improve program integrity, and to reduce fraud.</li> <li>(g) \$100,000,000 to upgrade EDD’s single client database.</li> <li>(h) \$7,000,000 to redesign the UI benefit payment system to enable claimants to certify by using the telephone and Internet.</li> <li>(i) \$1,000,000 to redesign the UI adjudication process by the development of a computer-based application.</li> <li>(j) \$500,000 to be allocated via competitive process for support of physical and program access to one-stops. These are in addition to any Workforce Investment Act funds allocated for this purpose.</li> </ul>	
3. During the 2002–03 fiscal year only, \$34,436,000 shall be used to support Employment and Employment Services and Tax Collection and Benefit Payment programs and \$1,519,000 shall be used to support veterans’ employment activities.	
5100-001-0908—For support of Employment Development Department, for payment to Item 5100-001-0870, payable from the School Employees Fund ....	833,000
Provisions:	
1. Notwithstanding the provisions of Item 9840-001-0988, the Director of Finance may authorize the creation of deficiencies pursuant to Section 11006 of the Government Code, for the purposes of this item.	
2. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated for administration pursuant to Section 822 of the Unemployment Insurance Code.	
3. Provision 1 of Item 5100-001-0588 also applies to this item.	



Item	Amount
5100-011-0184—For transfer by the Controller, upon order of the Director of Finance, from the Employment Development Department Benefit Audit Fund, to the General Fund.....	(1,000,000)
Provisions:	
1. The unencumbered balance in the Employment Development Department Benefit Audit Fund as of June 30, 2003, shall be transferred to the General Fund.	
5100-011-0185—For transfer by the Controller, upon order of the Director of Finance, from the Employment Development Contingent Fund, to the General Fund	(1,000,000)
Provisions:	
1. Notwithstanding any other provision of law, the State Controller shall transfer to the General Fund the unencumbered balance, as determined by the Director of Finance, in the Employment Development Contingent Fund as of June 30, 2003.	
5100-011-0890—For support of Employment Development Department, payable from the Federal Trust Fund, for transfer to the Unemployment Administration Fund—Federal .....	(775,267,000)
5100-021-0890—For support of Employment Development Department, payable from the Federal Trust Fund, for transfer to the Consolidated Work Program Fund.....	(178,131,000)
5100-101-0588—For local assistance, Employment Development Department, for Program 21—Tax Collections and Benefit Payments, payable from the Unemployment Compensation Disability Fund....	2,931,471,000
Provisions:	
1. Notwithstanding Item 9840-001-0988, the Director of Finance may authorize the creation of deficiencies pursuant to Section 11006 of the Government Code for the purposes of this item.	
2. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated pursuant to Section 3012 of the Unemployment Insurance Code.	
3. Provision 1 of Item 5100-001-0588 also applies to this item.	
5100-101-0869—For local assistance under Workforce Investment Act (WIA), Employment Development Department, Program 61-WIA Program, payable from the Consolidated Work Program Fund.....	407,436,000

Item	Amount
Provisions:	
1. Provision 1 of Item 5100-001-0588 also applies to this item.	
5100-101-0871—For local assistance, Employment Development Department, for Program 21—Tax Collections and Benefit Payments, payable from the Unemployment Fund—Federal .....	5,666,921,000
Provisions:	
1. Funds appropriated in this item are in lieu of the amounts that would have otherwise been appropriated pursuant to Section 1521 of the Unemployment Insurance Code.	
2. Provision 1 of Item 5100-001-0588 also applies to this item.	
5100-101-0890—For local assistance, Employment Development Department, payable from the Federal Trust Fund, for transfer to the Consolidated Work Program Fund.....	(407,436,000)
5100-101-0908—For local assistance, Employment Development Department, for Program 21—Tax Collections and Benefit Payments, payable from the School Employees Fund .....	45,534,000
Provisions:	
1. Notwithstanding Item 9840-001-0988, the Director of Finance may authorize the creation of deficiencies pursuant to Section 11006 of the Government Code for the purposes of this item.	
2. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated for benefits pursuant to Section 822 of the Unemployment Insurance Code.	
3. Provision 1 of Item 5100-001-0588 also applies to this item.	
5100-111-0890—For local assistance, Employment Development Department, payable from the Federal Trust Fund, for transfer to the Unemployment Fund—Federal .....	(5,666,921,000)
5100-311-0690—For capital outlay, Employment Development Department. To prevent the loss of funds in the Employment Development Department Building Funds, the unencumbered balances of the funds deposited in the Employment Development Department Building Fund shall be transferred to the Federal Unemployment Fund.	
Provisions:	
1. The Employment Development Department shall report to the Legislature by September 1, 2003,	

Item	Amount
the amount of funds transferred pursuant to this item.	
5120-001-0890—For support of the California Workforce Investment Board, payable from the Federal Trust Fund.....	4,690,000
Schedule:	
(1) 10-CA Workforce Investment Program.....	5,555,000
(2) Reimbursements .....	-865,000
Provisions:	
1. The secretary of the agency that is responsible for oversight of the Employment Development Department, with the approvals of the California Workforce Investment Board and Department of Finance, and not sooner than 30 days after notification to the Joint Legislative Budget Committee, is authorized to transfer funds appropriated in this item to the Employment Development Department, Consolidated Work Program Fund, Item 5100-001-0869, to facilitate the implementation and operation of the Workforce Investment Act Program.	
2. It is the intent of the Legislature that the California Workforce Investment Board provide a full-time project manager for the development of the redesigned Performance-Based Accountability system. The project manager shall be independent of the project’s prime contractor.	
3. Of the funds appropriated in this item, \$1,120,000 shall be available for expenditure by the California Workforce Investment Board only after a report is provided to the Legislature which specifies the role of the California Workforce Investment Board and the Employment Development Department in the California Labor and Workforce Development Agency with respect to implementation of the Workforce Investment Act, and includes information demonstrating concrete progress in the development of recommendations for statutory changes needed to implement the Workforce Investment Act and the development of certification protocols for local One-Stop Centers.	
5160-001-0001—For support of Department of Rehabilitation.....	47,063,500

Item		Amount
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Schedule:

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|-----|---|--------------|
| (1) | 10-Vocational Rehabilitation Services.....                            | 328,369,000  |
| (2) | 20-Habilitation Services .....  | 2,590,000    |
| (3) | 30-Support of Community Facilities .....                              | 5,612,000    |
| (4) | 40.01-Administration.....   | 24,535,000   |
| (5) | 40.02-Distributed Administration ...                                  | -24,535,000  |
| (6) | Reimbursements.....   | -7,947,000   |
| (7) | Amount payable from the Vending Stand Fund (Item 5160-001-0600).....  | -3,360,000   |
| (8) | Amount payable from the Federal Trust Fund (Item 5160-001-0890) ..... | -278,200,500 |

Provisions:

2. Upon order of the Director of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4300-101-0001 to provide for the transportation costs to and from work activity programs of clients who are receiving vocational rehabilitation services through the Vocational Rehabilitation/Work Activity Program (VR/WAP) Transition program.
3. The department shall maximize its use of certified time as a match for federal vocational rehabilitation funds. To the extent that certified time is available, it shall be used in lieu of the General Fund moneys.
4. Upon order of the Director of Finance, the Controller shall transfer the General Fund share of budgeted client costs as necessary between this item and Item 4300-101-0001 to provide for the net transfer of clients, resulting from program closures, between the Department of Rehabilitation and the Department of Developmental Services. The amount transferred shall be based on the amount budgeted per client by each department for the remainder of the fiscal year.
5. The department shall provide by December 1, 2003, to appropriate fiscal and policy committees of the Legislature, a report that identifies the state's performance on federal vocational rehabilitation performance measures for the 2000-01, 2001-02, and 2002-03 fiscal years, including any impact the department finds may have occurred to the number of clients served or the performance

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- success of rehabilitation services because of cost efficiencies made in the 2002–03 Budget Act.
6. By February 1, 2003, the department shall report to the Legislature the cost it expects to expend to participate in California's One-Stop System for the 2002–03 fiscal year. This report shall include the number of staff committed and the total cost to participate in each One-Stop. In preparing the report, the department shall coordinate with other state agencies that are also required to report their One-Stop costs. All of these departments shall report the information in a consistent format, provided by the Employment Development Department, to allow comparison of the state's expected contributions to the various One-Stops in California.
  7. The department shall report to the budget committees of each house of the Legislature in budget hearings in 2003 about the status of planning and implementing the provisions of the Ticket to Work and Work Incentives Act of 1999. The report shall include the following information:
    - (a) Any updates to the timetable for state implementation of the Ticket to Work Programs.
    - (b) Estimates of the impact of implementation of the program on the department caseloads.
    - (c) Projections of participation by eligible California residents in the federal program.
    - (d) A summary of budget and program impacts in the 2003–04 fiscal year.
  8. The Department of Developmental Services and the Department of Rehabilitation shall review the operation of supported employment programs, work activity programs, and other work activity programs in each department, as deemed appropriate by the departments. The departments shall jointly examine the rates paid to providers of these activities, the eligibility for participation in each program, and consumer outcome measures. The two departments shall provide this information to budget and policy committees of the Legislature by February 1, 2003. The departments may include a recommendation for streamlining and consolidating these programs if the findings warrant.

Item	Amount
5160-001-0600—For support of Department of Rehabilitation, for payment to Item 5160-001-0001, payable from the Vending Stand Fund .....	3,360,000
5160-001-0890—For support of Department of Rehabilitation, for payment to Item 5160-001-0001, payable from the Federal Trust Fund .....	278,200,500

Provisions:

1. The amount appropriated in this item that is payable from federal Social Security Act funds for vocational rehabilitation services for SSI/SSDI recipients shall be expended only to the extent that funds received exceed the amount appropriated by Item 5160-101-0890 that is payable from the federal Social Security Act funds. It is the intent of the Legislature that first priority of federal Social Security Act funding be given to Independent Living Centers in the amount of federal Social Security Act funding appropriated by Item 5160-101-0890.

5160-101-0001—For local assistance, Department of Rehabilitation .....	117,639,000
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Schedule:

- (1) 10-Vocational Rehabilitation Services..... 538,000
- (2) 20-Habilitation Services .....133,754,000
- (3) 30-Support of Community Facilities ..... 13,458,000
- (4) Reimbursements.....-15,177,000
- (5) Amount payable from Federal Trust Fund (Item 5160-101-0890).....-14,934,000

Provisions:

1. Upon order of the Director of Finance, the Controller shall transfer funds as are necessary between this item and Item 5160-001-0001 to provide the state’s share of client service expenditures for habilitation clients who are eligible to become vocational rehabilitation clients.
2. Upon order of the Director of Finance, the Controller shall transfer the General Fund share of budgeted client costs as necessary between this item and Item 4300-101-0001 to provide for the net transfer of clients, resulting from program closures, between the Department of Rehabilitation and the Department of Developmental Services. The amount transferred shall be based on the amount budgeted per client by each department for the remainder of the fiscal year.

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3. A loan may be made available from the General Fund to the Department of Rehabilitation not to exceed a cumulative total of \$5,128,000. The loan funds may be transferred to this item as required to meet cashflow needs due to delays in collecting reimbursements from the Department of Developmental Services for costs associated with services provided under the Home and Community-Based Services Waiver, and are subject to the repayment provisions of Section 16351 of the Government Code.	
5160-101-0890—For local assistance, Department of Rehabilitation, for payment to Item 5160-101-0001, payable from the Federal Trust Fund.....	14,934,000
5160-495—Reversion, Department of Rehabilitation. As of June 30, 2002, \$700,000 of the unencumbered balance of the appropriation provided in the following citation shall revert to the fund balance of the fund from which the appropriation was made.	
0001—General Fund	
(1) Item 5160-001-001, Budget Act of 2001 (Ch. 106, Stats. 2001)	
(1) Vocational Rehabilitation Services	
5170-001-0001—For support of State Independent Living Council .....	0
Schedule:	
(1) 10-State Council Services.....	432,000
(2) Reimbursements.....	-432,000
5175-001-0001—For support of Department of Child Support Services.....	9,140,000
Schedule:	
(1) 10-Child Support Services.....	27,553,000
(2) Amount payable from the Federal Trust Fund (Item 5175-001-0890).....	-18,413,000
Provisions:	
1. It is the intent of the Legislature to continue to provide funding for those activities necessary for the child support state administrative hearing process, to ensure compliance with statutory timeframes. Notwithstanding any other provision of law, upon request by the Department of Child Support Services, the Department of Finance may augment the amount available for expenditure in this item to pay costs associated with the state administrative hearing process. Concurrent with the Department of Finance’s approval, written notifi-	

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cation shall be provided to the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations.

- 2. No funds appropriated in this item for the California State Insurance Intercept Project shall be available for encumbrance prior to the review and approval of the related feasibility study reports or equivalents by the appropriate control agencies.
- 3. Notwithstanding any other provisions of law, upon request by the Department of Child Support Services, the Department of Finance may augment the amount available for expenditure in this item to pay costs associated with the implementation of the California Child Support Automation System Project. The augmentation may be effected not sooner than 30 days after notification in writing of the necessity therefor to the chairperson of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine. The funds appropriated by this provision shall be consistent with the amount approved by the Department of Finance based on its review and approval of the required feasibility study reports, or equivalent documents.

5175-001-0890—For support of Department of Child Support Services, for payment to Item 5175-001-0001, payable from the Federal Trust Fund .....

18,413,000

Provisions:

- 1. It is the intent of the Legislature to provide sufficient funding to ensure that Child Support State Administrative Hearings are conducted to meet statutory timeframes. Notwithstanding the 30-day notification requirement set forth in subdivision (d) of Section 28.00 of this act, upon request by the Department of Child Support Services, the Department of Finance may augment expenditure authority in this item to fund increased hearings' costs 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.



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2. Provisions 2 and 3 of Item 5175-001-0001 shall also apply to this item.	
5175-002-0001—For support of Department of Child Support Services.....	21,946,000
Schedule:	
(1) 10-Child Support Services .....	78,790,000
(2) Reimbursements .....	-122,000
(3) Amount payable from the Federal Trust Fund (Item 5175-002-0890) .....	-56,722,000
Provisions:	
1. Funds in this item shall be used for contracts and interagency agreements in the child support program, unless otherwise authorized by the Department of Finance no sooner than 30 days after providing notification in writing to the chairperson of the fiscal committee of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or no sooner than such lesser time as the chairperson of the committee, or his or her designee, may in each instance determine.	
2. Notwithstanding any other provision of law, the Department of Finance may augment this item to reimburse the Judicial Council for the increased costs associated with salary adjustments for child support commissioners and family law facilitators pursuant to Section 70141(e) of the Government Code, in the event such salary adjustments are provided to superior court judges, no sooner than 30 days after notification in writing of the necessity therefor to the chairperson of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine.	
3. Notwithstanding Section 27.00, 28.00, or 28.50 of this act, or any other provision of law, upon request of the Department of Child Support Services, the Department of Finance may augment the amount available for expenditure in this item to pay costs associated with the implementation of the California Child Support Automation System Project. The augmentation may be effected not sooner than 30 days after notification in writing of its necessity to the chairperson of the committee	

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in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine. The funds appropriated by this provision shall be consistent with the amount approved by the Department of Finance based on its review and approval of any required feasibility study report or equivalent document.

4. No funds appropriated in this item for the California State Insurance Intercept Project shall be available for encumbrance prior to the review and approval of any related feasibility study report or equivalent document by the appropriate control agency.
5. It is the intent of the Legislature to continue to provide funding for those activities necessary for the Child Support State Administrative Hearing Process to ensure compliance with statutory timeframes. Notwithstanding any other provision of law, upon request by the Department of Child Support Services, the Department of Finance may augment the amount available for expenditure in this item to pay costs associated with the State Administrative Hearing Process. Concurrent with the Department of Finance approval, written notification will be provided to the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations.

5175-002-0890—For support of Department of Child Support Services, for payment to Item 5175-002-0001, payable from the Federal Trust Fund ..... 56,722,000  
 Provisions:

1. Provisions 1, 2, 3, and 4 of Item 5175-002-0001 also apply to this item.
2. It is the intent of the Legislature to provide sufficient funding to ensure that Child Support State Administrative Hearings are conducted to meet statutory timeframes. Notwithstanding the 30-day notice requirement set forth in subdivision (d) of Section 28.00 of this act, upon request by the Department of Child Support Services, the Department of Finance may augment expenditure authority in this item to fund increased costs associated with the state administrative hearing

Item	Amount
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.	
5175-101-0001—For local assistance, Department of Child Support Services .....	345,037,000
Schedule:	
(1) 10-Child Support Services .....	974,893,500
(a) 10.01-Child Support Administration.....	669,959,000
(b) 10.02-Child Support Incentives ..	292,016,000
(c) 10.03-Child Support Automation ...	12,918,000
(2) Reimbursements .....	-321,000
(3) Amount payable from the Federal Trust Fund (Item 5175-101-0890) .....	-281,899,000
(4) Amount payable from the Child Support Collections Recovery Fund (Item 5175-101-8004)....	-347,636,000
Provisions:	
1. No funds appropriated in this item shall be encumbered unless every rule or regulation adopted and every child support services letter or similar instruction issued by the Department of Child Support Services that adds to the cost of the child support program is approved by the Department of Finance as to the availability of funds before it becomes effective. In making the determination as to availability of funds to meet the expenditures of a rule, regulation, or child support services letter that would increase the costs of the program, the Department of Finance shall consider the amount of the proposed increase on an annualized basis, the effect the change would have on the expenditure limitations for the program set forth in this act, the extent to which the rule, regulation, or child support services letter constitutes a deviation from the premises under which the expenditure limitations were prepared, and any additional factors relating to the fiscal integrity of the program or the state’s fiscal situation.	

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Notwithstanding Control Sections 27.00 and 28.00 of this act, the availability of funds contained in this item for child support program rules, regulations, or child support services letters that add to program costs funded from the General Fund in excess of \$500,000 on an annual basis, including those that are the result of federal regulations but excluding those that are (a) specifically required as a result of the enactment of a federal or state law, or (b) included in the appropriation made by this act, shall not be approved by the Department of Finance sooner than 30 days after notification in writing of the necessity therefor to the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or such lesser time as the chairperson of the committee, or his or her designee, may in each instance determine. Funds appropriated in this item are for the child support program consisting of state and federal statutory law, regulations, and court decisions, if funds necessary to carry out those decisions are specifically appropriated in this act.

2. Notwithstanding any other provision of law, a loan not to exceed \$136,000,000 shall be made available from the General Fund, from funds not otherwise appropriated, to cover the federal share of costs of the program when the federal funds have not been received by this state prior to the usual time for transmitting that federal share to the counties of this state or to cover the federal share of child support collections for which the federal funds have been reduced prior to the collections being received from the counties. This loan from the General Fund shall be repaid when the federal share of costs for the program becomes available or when the collections are received from the counties.
3. The Department of Finance may authorize the establishment of positions and transfer of amounts from this item to Item 5175-001-0001 in order to allow the state to perform the functions or oversee the functions of the local child support agency in the event a county fails to perform that function or is out of compliance with state performance standards.

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4. It is the intent of the Legislature that the California Child Support Automation Project receive the highest commitment and priority of all of the state's child support automation activities.
5. Of the amount appropriated in this item, \$6,995,000 shall be available for approving funding for county-specific automation projects for the enhancements to existing county child support automation system and for transitioning counties from existing legacy systems to one of the four selected consortia systems. The funds subject to this provision shall be available for expenditure by the Department of Child Support Services until June 30, 2005.
6. Of the amount appropriated in this item, the \$6,995,000 allocated for enhancements to the existing county child support automation systems shall not be expended until the Department of Finance approves the Advance Planning Document that is submitted to the federal Administration of Children and Families. In the event that any proposed enhancements are not approved for federal financial participation, the Department of Child Support Services shall submit a revised plan to the Department of Finance detailing how it will reprioritize projects to remain within existing General Fund expenditure authority.
7. Notwithstanding Sections 27.00, 28.00, and 28.50 of this act, or any other provision of law, upon request of the Department of Child Support Services, the Department of Finance may augment the amount available for expenditure in this item to pay costs associated with the implementation of the California Child Support Automation System Project. The augmentation may be effected no sooner than 30 days after notification in writing of its necessity to the chairperson of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or no sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine. The funds appropriated by this provision shall be consistent with the amount approved by the Department of Finance based on its review and approval of any required feasibility study report or equivalent document. Costs of the

Item	Amount
penalty shall be borne by the county general fund and may not be charged to the local child support agency.	
9. Of the funds appropriated in this item, \$1,671,000 is for consulting services to establish PRISM project leader positions. Any consultant who is retained with these funds is prohibited from contracting or subcontracting for the development or implementation of the statewide California Child Support Automation System (CCSAS).	
5175-101-0890—For local assistance, Department of Child Support Services, for payment to Item 5175-101-0001, payable from the Federal Trust Fund.....	282,224,000
Provisions:	
1. Provisions 1, 5, and 7 of Item 5175-101-0001 also apply to this item.	
2. The Department of Finance may authorize the establishment of positions and transfer of amounts from this item to Item 5175-001-0890 in order to allow the state to perform the functions or oversee the functions of the local child support agency in the event a county fails to perform that function or is out of compliance with state performance standards.	
3. Of the funds appropriated in this item, the Department of Child Support Services shall reimburse the Department of Social Services quarterly for the federal share of Foster Care Child Support Collections reported to the federal government.	
4. Upon request of the Department of Child Support Services, the Department of Finance may increase or decrease the expenditure authority in this item pursuant to the provisions of Section 28.00 of this act to offset any increases or decreases in collections deposited in the Child Support Collections Recovery Fund and appropriated in Item 5175-101-8004.	
5175-101-8004—For local assistance, Department of Child Support Services, for payment to Item 5175-101-0001, payable from the Child Support Collections Recovery Fund.....	347,636,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may augment this appropriation, for the purposes of the Section 17702.5 of the Family Code, not sooner than 30 days after notification in writing of the necessity thereof is	

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provided to the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house of the Legislature that considers appropriations, or not sooner than whatever lesser time as the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine.	
5175-495—Reversion, Department of Child Support Services. As of June 30, 2002, \$25,215,000 of the unencumbered balance of the appropriation provided in the following citation shall revert to the fund from which the appropriation was made:	
0001—General Fund	
(1) Item 5175-101-0001, Budget Act of 2001 (Ch. 106, Stats. 2001)	
(a) 10.01-Child Support Administration .....	640,000
(b) 10.02-Child Support Incentive .....	24,575,000
5180-001-0001—For support of Department of Social Services .....	92,372,000
Schedule:	
(1) 16-Welfare Programs.....	66,844,000
(2) 25-Social Services and Licensing...	140,868,000
(3) 35-Disability Evaluation and Other Services .....	215,304,000
(4) 60.01-Administration.....	35,981,000
(5) 60.02-Distributed Administration ...	-35,981,000
(6) Reimbursements .....	-19,955,000
(7) Amount payable from Foster Family Home and Small Family Home Insurance Fund (Item 5180-001-0131).....	-3,000,000
(8) Amount payable from the Federal Trust Fund (Item 5180-001-0890) .....	-307,689,000
Provisions:	
1. The Department of Finance may authorize the transfer of funds from Schedule (2) of this item to Schedule (3), Program 25.45, of Item 5180-151-0001, Community Care 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)(b), Program 25.25.020, of Item	

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<p>5180-151-0001, Adoptions, in order to allow counties to perform the adoptions program function.</p> <ol style="list-style-type: none"> <li>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.</li> <li>4. The Continuing Care Contracts Branch shall retain an actuarial consultant to be available as needed. 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.</li> <li>5. It is the intent of the Legislature to provide sufficient funding to ensure that Child Support State Administrative Hearings are conducted to meet statutory timeframes. Notwithstanding the 30-day notice requirement set forth in subdivision (d) of Section 28.00 of this act, upon request of the Department of Child Support 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.</li> <li>6. It is the intent of the Legislature that, to the extent funds are appropriated and state civil service requirements are met, the department shall employ staff with expertise in the management, actuarial, financial analysis, and legal counsel positions for the Continuing Care Contract program.</li> <li>7. By February 1, 2003, the State Department of Social Services shall conduct a one-time survey and report to the Employment Development Depart-</li> </ol>	



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<p>ment on information obtained from county welfare departments, regarding the costs they expect to contribute to the local One-Stop System for the 2002–03 fiscal year. This report shall include the number of staff committed and the total contribution of funds in each county.</p>	
<p>5180-001-0131—For support of Department of Social Services, for payment to Item 5180-001-0001, for claim payments and the operation and maintenance of the Foster Family Home and Small Family Home Insurance Fund.....</p>	3,000,000
<p>Provisions:</p> <ol style="list-style-type: none"> <li>1. The Department of Finance is authorized to approve expenditures from the unexpended balance available from prior years' appropriations in the Foster Family Home and Small Family Home Insurance Fund during the 2002–03 fiscal year, in those amounts made necessary by increases in either the payment of claims or the costs of operating and maintaining the Foster Family Home and Small Family Home Insurance Fund, which are within or in excess of amounts appropriated in this act for that year.</li> </ol> <p>If the Department of Finance determines that the estimate of expenditures will exceed the expenditures authorized for the 2002–03 fiscal year, the department shall notify the Legislature. Upon notification the amount of the limitation for the 2002–03 fiscal year shall be increased by the amount of such excess from the unexpended balance available from prior years' appropriations in the Foster Family Home and Small Family Home Insurance Fund.</p>	
<p>5180-001-0270—For support of Department of Social Services, payable from the Technical Assistance Fund .....</p>	3,110,000
<p>5180-001-0271—For support of Department of Social Services, payable from the Certification Fund .....</p>	1,207,000
<p>5180-001-0279—For support of Department of Social Services, payable from the Child Health and Safety Fund .....</p>	845,000
<p>5180-001-0890—For support of Department of Social Services, for payment to Item 5180-001-0001, payable from the Federal Trust Fund.....</p>	307,689,000
<p>Provisions:</p> <ol style="list-style-type: none"> <li>1. The Department of Finance may authorize the transfer of federal funds from this item to Item</li> </ol>	

Item	Amount
5180-151-0890 in order to allow counties to perform the adoptions program functions, and the facilities evaluation function in Community Care Licensing in the Department of Social Services.	
5180-011-0001—For transfer by the Controller to the Foster Family Home and Small Family Home Insurance Fund .....	2,034,000
Provisions:	
1. Provision 1 of Item 5180-001-0131 also applies to this item.	
5180-011-0270—For transfer by the Controller, upon order of the Director of Finance, from the Technical Assistance Fund, to the General Fund .....	(991,000)
5180-011-0279—For transfer by the Controller from the Child Health and Safety Fund to the State Children's Trust Fund.....	45,000
5180-011-0890—For transfer by the Controller from the Federal Trust Fund to the Foster Family Home and Small Family Home Insurance Fund .....	966,000
Provisions:	
1. Provision 1 of Item 5180-001-0131 also applies to this item.	
5180-101-0001—For local assistance, Department of Social Services .....	2,716,224,000
Schedule:	
(1) 16.30-CalWORKs.....	5,729,711,000
(a) 16.30.010-As-	
sistance Pay-	
ments .....	3,343,611,000
(b) 16.30.025-Ser-	
vices, Administra-	
tion, and Child	
Care.....	2,120,805,000
(i) Services .....	(1,304,144,000)
(ii) Administration..	(356,165,000)
(iii) Child Care .....	(460,496,000)
(bb) 16.30.050-County	
Probation Facili-	
ties .....	201,413,000
(c) 16.30.060-Kin-	
GAP Program.....	63,882,000
(2) 16.40-Foster Care.....	900,210,000
(3) 16.50-Adoption Assistance Pro-	
gram.....	366,096,000
(4) 16.55-Refugee Cash Assistance.....	4,682,000
(5) 16.60-Food Assistance Programs ...	68,703,000
(6) Reimbursements.....	-3,510,000

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(7) Amount payable from the Emergency Food Assistance Program Fund (Item 5180-101-0122).....	-309,000
(8) Amount payable from the Employment Training Fund (Item 5180-101-0514) .....	-30,000,000
(9) Amount payable from the Federal Trust Fund (Item 5180-101-0890) .....	-4,319,359,000

Provisions:

1. No funds appropriated in this item shall be encumbered unless every rule or regulation adopted and every all-county letter issued by the Department of Social Services that adds to the cost of any program is approved by the Department of Finance as to the availability of funds before it becomes effective. In making the determination as to availability of funds to meet the expenditures of a rule, regulation, or all-county letter that would increase the costs of a program, the Department of Finance shall consider the amount of the proposed increase on an annualized basis, the effect the change would have on the expenditure limitations for the program set forth in this act, the extent to which the rule, regulation, or all-county letter constitutes a deviation from the premises under which the expenditure limitations were prepared, and any additional factors relating to the fiscal integrity of the program or the state's fiscal situation.

Notwithstanding Control Sections 27.00, 28.00 and 28.50 of this act, the availability of funds contained in this item for rules, regulations, or all-county letters that add to program costs funded from the General Fund in excess of \$500,000 on an annual basis, including those that are the result of a federal regulation but excluding those that are (a) specifically required as a result of the enactment of a federal or state law, or (b) included in the appropriation made by this act, shall not be approved by the Department of Finance sooner than 30 days after notification in writing of the necessity therefor to the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or such lesser time as the chairperson

Item	Amount
<p>of the committee, or his or her designee, may in each instance determine.</p> <p>2. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed \$500,000,000 shall be made available from the General Fund, from funds not otherwise appropriated, to cover the federal share of costs of a program(s) when the federal funds have not been received by this state prior to the usual time for transmitting that federal share to the counties of this state. This loan from the General Fund shall be repaid when the federal share of costs for the program or programs becomes available.</p> <p>3. The Department of Finance may authorize the transfer of amounts from this item to Item 5180-001-0001 in order to fund the cost of the administrative hearing process associated with changes in aid payments in the CalWORKs program.</p> <p>4. The Department of Finance is authorized to approve expenditures in those amounts made necessary by changes in either caseload or payments, or any rule or regulation adopted and any all-county letter issued as a result of the enactment of a federal or state law, the adoption of a federal regulation, or the following of a court decision, during the 2002–03 fiscal year that are within or in excess of amounts appropriated in this act for that year.</p> <p style="padding-left: 40px;">If the Department of Finance determines that the estimate of expenditures will exceed the expenditures authorized for this item, the department shall so report to the Legislature. At the time as the report is made, the amount of the limitation shall be increased by the amount of the excess unless and until otherwise provided by law.</p> <p>6. 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.</p> <p>7. In the event of declared disaster and upon county request, the State Department of Social Services</p>	

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- may act in the place of any county and assume direct responsibility for the administration of eligibility and grant determination. Upon recommendation of the Director of Social Services, the Department of Finance may authorize the transfer of funds from Items 5180-101-0001 and 5180-101-0890, to Items 5180-001-0001 and 5180-001-0890, for this purpose.
8. Notwithstanding Section 26.00 of this act, the Department of Finance is authorized to approve the transfer of funds between Schedule (1)(a) 16.30.010-Assistance Payments and Schedule (1)(b) 16.30.025-Services, Administration, and Child Care in order to meet the Temporary Assistance for Needy Families maintenance-of-effort requirement.
  9. Of the funds appropriated in Schedule (1)(b) 16.30.025-Services, Administration, and Child Care, \$302,844,000, or the amount of unspent county incentive funds remaining after the \$128,000,000 one-time employment services transfer and the \$169,156,000 base CalWORKs program transfer, whichever is greater, shall be for payment of county incentives authorized by Section 10544.1 of the Welfare and Institutions Code. The Department of Social Services shall allocate these funds to counties in proportion to the amount of each county's unspent county incentive funds to the total amount of unspent county incentive funds as of July 1, 2002. The Department shall make a final allocation of these funds after the county incentive expenditures for the quarter ending June 30, 2002, have been determined.
  10. Of the funds appropriated in subdivision (b) of Schedule (1) for Mental Health and Substance Abuse Services for CalWORKs participants under Employment Services, the department shall first allocate \$100,000 for development of mental health, alcohol, and other drug and domestic violence outcomes systems for CalWORKs clients. The allocation shall be provided to a county or counties selected by the Department of Social Services with consultation from the CalWORKs project of the County Welfare Directors Association, the California Mental Health Director Association, and the County Alcohol and Drug Program Administrators Association of

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<p>California. The criteria for selection should include interest and quality of data systems. The goal of this one-time allocation is to produce systems that track and measure individual, family, and systems outcomes of mental health, alcohol, and other drug and domestic violence interventions funded by CalWORKs. These systems should also provide feedback to staff and administrators to help improve services. Outcomes should include both employment and problem resolution for parents and children. The CalWORKs project shall provide technical assistance to each county and the department shall write a report summarizing the results of the project to be submitted to the Legislature by March 2004.</p>	
<p>5180-101-0122—For local assistance, Department of Social Services, for payment to Item 5180-101-0001, payable from the Emergency Food Assistance Program Fund.....</p>	309,000
<p>5180-101-0514—For local assistance, Department of Social Services, for payment to Item 5180-101-0001, payable from the Employment Training Fund.....</p>	30,000,000
<p>5180-101-0890—For local assistance, Department of Social Services, for payment to Item 5180-101-0001, payable from the Federal Trust Fund.....</p>	4,319,359,000
<p>Provisions:</p>	
<ol style="list-style-type: none"> <li>1. Provisions 1, 4, 7, and 9 of Item 5180-101-0001 also apply to this item.</li> <li>2. The Department of Finance may authorize the transfer of amounts from this item to Item 5180-001-0890 in order to fund the cost of the administrative hearing process associated with changes in aid payments in the CalWORKs program.</li> <li>3. The State Department of Social Services may transfer up to \$10,000,000 of the funds appropriated in this item for Program 16.30.025—Services, Administration, and Child Care, from the TANF block grant to the Social Services Block Grant (Title XX) pursuant to authorization in the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193). The Title XX funds shall be pooled with TANF funds appropriated in this item for CalWORKs Child Care, for the purpose of broadening access to federal Child and Adult Care Food Program benefits for low-income children</li> </ol>	

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in proprietary child care centers. This transfer shall occur only if the Director of Finance approves the pooling of Title XX funds with CCDF and/or TANF funds.

5180-111-0001—For local assistance, Department of Social Services .....		4,053,923,000
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- Schedule:
- (1) 16.70-SSI/SSP ..... 3,058,265,000
  - (2) 25.15-IHSS..... 2,592,632,000
    - (a) 25.15.010-Servi-ces ..... 2,407,608,000
    - (b) 25.15.020-Admin-istration..... 185,024,000
  - (3) Reimbursements ..... -1,561,867,000
  - (4) Amount payable from the Federal Trust Fund (Item 5180-111-0890) ..... -35,107,000

- Provisions:
1. Provisions 1 and 4 of Item 5180-101-0001 also apply to this item.
  2. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed \$59,000,000 shall be made available from the General Fund from funds not otherwise appropriated, to cover the federal share or reimbursable share, or both, of costs of a program(s) when the federal funds or reimbursements (from the Health Care Deposit Fund or counties) have not been received by this state prior to the usual time for transmitting payments for the federal or reimbursable share of costs for this state. That loan from the General Fund shall be repaid when the federal share of costs for the program(s) becomes available, or in the case of reimbursements, subject to Section 16351 of the Government Code. County reimbursements also shall be subject to Section 16314 of the Government Code, which specifies the rate of interest. The department may offset a county's share of cost of the In-Home Supportive Services (IHSS) program against local assistance payments made to the county if the county fails to reimburse its share of cost of the IHSS program to the state.
  3. The Department of Finance may authorize the transfer of amounts between this item and Item 5180-151-0001 in order to reflect modifications

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<p>in the use of federal Title XX funds. The funds shall not be approved sooner than 30 days after notification in writing of the necessity therefor to the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or such lesser time as the chairpersons of the committees, or their designees, may in each instance jointly determine.</p> <p>4. The State Department of Social Services shall provide technical assistance to counties to ensure that they maximize the receipt of federal funds for the In-Home Supportive Services Program, without compromising the quality of the services provided to In-Home Supportive Services recipients.</p>	
<p>5180-111-0890—For local assistance, Department of Social Services for payment to Item 5180-111-0001, payable from the Federal Trust Fund.....</p>	35,107,000
<p>Provisions:</p> <p>1. The Department of Finance may authorize the transfer of amounts between this item and Item 5180-151-0890, in order to reflect modifications in the use of federal Title XX funds. The funds shall not be approved sooner than 30 days after notification in writing of the necessity therefor to the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or such lesser time as the chairpersons of the committees, or their designees, may in each instance jointly determine.</p>	
<p>5180-141-0001—For local assistance, Department of Social Services .....</p>	421,675,000
<p>Schedule:</p> <p>(1) 16.80-County Administration .....717,951,000</p> <p>(2) 16.85-Automation Projects .....265,005,000</p> <p>(3) Reimbursements.....-23,336,000</p> <p>(4) Amount payable from the Federal Trust Fund (Item 5180-141-0890) ..... -537,945,000</p>	
<p>Provisions:</p> <p>1. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed \$127,000,000 shall be made available from the General Fund, from funds not otherwise appropri-</p>	



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- ated, to cover the federal share of costs of a program(s) when the federal funds have not been received by this state prior to the usual time for transmitting that federal share to the counties of this state. This loan from the General Fund shall be repaid when the federal share of costs for the program or programs becomes available.
2. In the event of declared disaster and upon county request, the State Department of Social Services may act in the place of any county and assume direct responsibility for the administration of eligibility and grant determination. Upon recommendation of the Director of Social Services, the Department of Finance may authorize the transfer of funds from Items 5180-141-0001 and 5180-141-0890, to Items 5180-001-0001 and 5180-001-0890, for this purpose.
  3. Provision 1 of Item 5180-101-0001 also applies to this item.
  4. Pursuant to public assistance caseload estimates reflected in the annual Governor's Budget, the Department of Finance may approve expenditures in those amounts made necessary by changes in caseload that are in excess of amounts appropriated in this act. If the Department of Finance determines that the estimate of expenditures will exceed the expenditures authorized for this item, the department shall so report to the Legislature. At the time the report is made, the amount of the limitation shall be increased by the amount of the excess unless and until otherwise provided by law.
  5. 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.
  6. Section 11.00 of this act shall apply to contracts entered into for the development and implementation of the Consortium IV, Interim Statewide Automated Welfare System, Los Angeles Eligibility, Automated Determination, Evaluation, and

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- Reporting, and Welfare Client Data Systems consortia of the Statewide Automated Welfare System.
7. Of the amount appropriated in this item, \$1,202,000 for the Statewide Automated Welfare System Los Angeles Eligibility, Automated Determination, Evaluation and Reporting Consortium shall not be encumbered until the Department of Finance reviews and approves a special project report or equivalent document which specifies the application modifications to be completed, including the vendor's estimates of the funding needed to complete the modifications, and also including the timeframes for data conversion to the Welfare Data Tracking Implementation Project System. At the time that it approves the funds availability, the Department of Finance shall provide written notification to the chairperson of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.
  8. Resources necessary to develop a plan for the migration of the Interim Statewide Automated Welfare System (ISAWS) Consortium counties to one of more Statewide Automated Welfare System consortia shall be redirected from the funds appropriated in this Item for the ISAWS Consortium. The funds redirected by this provision shall be made available consistent with the amount approved by the Department of Finance based on review and approval of an appropriate update to the implementation planning document or equivalent document. At the time it approves the funds availability, the Department of Finance shall provide written notification to the chairperson of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee. It is the intent of the Legislature that the ISAWS Consortium counties will migrate to one or more of the remaining consortium systems. The ISAWS migration costs shall be included in the appropriate update to the implementation planning documents.
  9. Of the amount appropriated in this item, \$20,000,000 for the Statewide Automated Welfare System Welfare Client Data System Consortium shall not be encumbered until the Depart-

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ment of Finance reviews and approves a special project report or equivalent document which specifies all vendor and consortium costs for each year included in the document. At the time that it approves the funds availability, the Department of Finance shall provide written notification to the chairperson of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.

- 10. Of the amount appropriated in this item \$15,000,000 for the Statewide Automated Welfare System (SAWS) Consortium IV (C-IV) shall not be encumbered until the Department of Finance reviews and approves a special project report or equivalent document which specifies all vendor and consortium costs for each year included in the document. At the time that it approves the funds availability, the Department of Finance shall provide written notification to the chairperson of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee. On or before January 1, 2003, the Health and Human Services Agency Data Center, in cooperation with the State Department of Social Services and the SAWS C-IV, shall report to the chairperson of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee the proposed project reductions to SAWS C-IV. The report shall include, but is not limited to, descriptions of each reduction, funding cuts associated with each reduction, identified risks, plans to mitigate risks, and actions necessary to implement the proposed reduction. The report shall be provided to the Department of Finance for its review and approval prior to submittal to the Legislature.

5180-141-0890—For local assistance, Department of Social Services, for payment to Item 5180-141-0001, payable from the Federal Trust Fund..... 776,573,000  
 Provisions:

- 1. Provisions 2, 3, 4, 6, 7, 8, 9, and 10 of Item 5180-141-0001 also apply to this item.

5180-151-0001—For local assistance, Department of Social Services ..... 782,148,000

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Schedule:

- (1) 25.25-Children’s Services..... 1,903,347,000
  - (a) 25.25.010-Child Welfare Services ..... 1,802,078,000
  - (b) 25.25.020-Adoptions.....81,286,000
  - (c) 25.25.030-Child Abuse Prevention .19,983,000
- (2) 25.35-Special Programs .....118,211,000
  - (a) 25.35.010-Specialized Services ..... 707,000
  - (b) 25.35.020-Access Assistance for the Deaf..... 5,804,000
  - (c) 25.35.030-Maternity Care ..... 600,000
  - (d) 25.35.040-Refugee Assistance Services .....19,733,000
  - (e) 25.35.050-County Services Block Grant..... 91,367,000
- (3) 25.45-Community Care Licensing ..... 20,910,000
- (4) Reimbursements.....-69,879,000
- (5) Amount payable from the Child Health and Safety Fund (Item 5180-151-0279) ..... -445,000
- (6) Amount payable from the Federal Trust Fund (Item 5180-151-0890) ..... -1,195,571,000

Provisions:

1. Provision 1 of Item 5180-101-0001 also applies to this item.
2. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed \$50,000,000 shall be made available from the General Fund from funds not otherwise appropriated, to cover the federal share of costs of a program(s) when the federal funds have not been received by this state prior to the usual time for transmitting that federal share to the counties of this state. That loan from the General Fund shall be repaid when the federal share of costs for the program(s) becomes available.

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3. The Department of Finance may authorize the establishment of positions and transfer of amounts from this item to Item 5180-001-0001, in order to allow the state to perform the facilities evaluation function of Community Care Licensing in the event the counties fail to perform that function.
4. The Department of Finance may authorize the transfer of amounts between this item and Item 5180-111-0001 in order to reflect modifications in the use of Title XX funds. The funds shall not be approved sooner than 30 days after notification in writing of the necessity therefor to the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or such lesser time as the chairpersons of the committees, or their designees, may in each instance jointly determine.
5. 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.
6. Of the amount appropriated in this item, \$120,813,000 shall be provided to counties to fund additional child welfare service activities and shall be allocated based on child welfare services caseload and county unit costs. However no county shall receive less than \$100,000. These funds shall be expressly targeted for emergency response, family reunification, family maintenance and permanent placement services and shall be used to supplement, and shall not be used to supplant, child welfare services funds. A county is not required to provide a match of the funds received pursuant to this provision if the county appropriates the required full match for the county's child welfare services program exclusive of the funds received pursuant to this provision. These funds are available only to counties that have certified that they are fully utilizing the Child Welfare Services/Case Management System (CWS/CMS) or have entered into an agreed upon plan with the State Department of Social Services out-

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lining the steps that will be taken to achieve full utilization. The department shall reallocate any funds that counties choose not to accept under this provision, to other counties based on the allocation formula specified in this provision.

The department, in collaboration with the County Welfare Directors Association and representatives from labor groups representing social workers, shall develop the definition of full utilization of the CWS/CMS, the method for measuring full utilization, the process for the state and counties to work together to move counties toward full utilization, and measurements of progress toward full utilization.

7. In order to receive state funding for adult protective service programs, counties shall participate in the quarterly claims processing, payment, and reporting system developed by the Department of Social Services for the adult protective services program.
8. Of the amount appropriated in this item, \$1,200,000 shall be provided to counties for the purpose of maintaining and operating Live Scan equipment in county welfare departments. The counties shall utilize this equipment to perform criminal background checks of relatives, foster parents, and others for whom criminal record checks are required when the county is considering a foster child placement. The State Department of Social Services shall allocate these funds to the counties to enable the most efficient use of the equipment. Counties shall not be required to provide a match for these funds if the funds are used exclusively for the maintenance and operation of Live Scan equipment in the Foster Care Program.
9. The Department of Finance may authorize the establishment of positions and transfer of amounts from this item to Item 5180-001-0001, in order to allow the state to perform the adoptions function in the event that a county notifies the Department of Social Services that it intends to cease performing that function.
10. Of the funds appropriated in this item, \$2,755,406 shall be used to pay the county share of costs for case management activities of the

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Emergency Assistance Program pursuant to Section 15204.25 of the Welfare and Institutions Code.	
11. In addition to the 50 percent of the total compensation per adoption case that is authorized to be paid to independent adoption agencies pursuant to subdivision (b) of Section 16122 of the Welfare and Institutions Code, the department is authorized between July 1, 2002, and December 31, 2002, inclusive, to advance adoption agencies up to \$2,000 prior to the adoption petition being granted by the court. In order to receive the advance, the adoption agency must certify to the State Department of Social Services that the adoption will be completed by May 1, 2003. The department must receive the certification prior to December 31, 2002. If an adoption is not completed by May 1, 2003, the adoption agency shall refund the moneys advanced by the department for that case by June 1, 2003. The department may recover moneys from future payments to independent adoption agencies.	
5180-151-0279—For local assistance, Department of Social Services, for payment to Item 5180-151-0001, payable from the Child Health and Safety Fund .....	445,000
5180-151-0890—For local assistance, Department of Social Services, for payment to Item 5180-151-0001, payable from the Federal Trust Fund .....	1,195,571,000
Provisions:	
1. Provisions 1, 3, 4, 6, 8, and 9 of Item 5180-151-0001 also apply to this item.	
5180-401—The Director of Finance is authorized to approve transfers not to exceed \$108,435,000 from the federal Temporary Assistance for Needy Families (TANF) block grant to and in augmentation of the amount appropriated in Item 5180-101-0890 Program 16.30.025—Services, Administration, and Child Care for expenditure by the State Department of Social Services, and to the federal Child Care and Development Fund (CCDF) as an augmentation to Item 6110-196-0890 for use by the State Department of Education for CalWORKs local assistance Stage II child care. The moneys transferred to the Department of Education shall be used only for direct services to Stage II child care recipients, and the Department of Education shall use other existing funds	

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<p>available for child care quality expenditures to meet the 4 percent quality requirement of federal law associated with CCDF expenditures. Prior to any fund transfers from TANF to CCDF, the Department of Education shall certify that the transfer will not require additional quality expenditures beyond the existing expenditures. Should additional quality expenditures be required as a result of a transfer pursuant to this provision, these transfers shall become TANF funds and shall not be transferred to the CCDF. In the event of a TANF transfer pursuant to this item, the Department of Education shall comply with existing TANF and CalWORKs regulations and reporting requirements. The Department of Finance shall provide written notification to the chairperson of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee at the time of the transfer.</p> <p>5180-402—The Director of Finance is authorized to approve transfers of \$351,661,000 from the federal Temporary Assistance for Needy Families (TANF) block grant to the Child Care and Development Fund administered by the State Department of Education, and the entire amount so transferred shall be used for CalWORKs local assistance Stage II child care. The moneys transferred to the Department of Education shall be used only for direct services to Stage II child care recipients, and the Department of Education shall use other existing funds available for child care quality expenditures to meet the 4 percent quality requirement of federal law associated with CCDF expenditures. Prior to any fund transfers from TANF to CCDF, the Department of Education shall certify that the transfer will not require additional quality expenditures beyond the existing expenditures. Should additional quality expenditures be required as a result of a transfer pursuant to this provision, these transfers shall become TANF funds and shall not be transferred to the CCDF. In the event of a TANF transfer pursuant to this item, the Department of Education shall comply with existing TANF and CalWORKs regulations and reporting requirements.</p> <p>Provisions:</p> <ol style="list-style-type: none"> <li>1. Upon request from the State Department of Education, and upon approval by the Director of Finance, the State Department of Social Services is</li> </ol>	



Item	Amount
<p>authorized to transfer up to \$10,000,000 from the federal Temporary Assistance to Needy Families (TANF) block grant to the Social Services Block Grant (Title XX) pursuant to authorization in the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193). These funds shall be provided to the State Department of Education, to be pooled with moneys in the Child Care and Development Fund (CCDF) TANF, or both, for the purpose of broadening access to federal Child and Adult Care Food Program benefits for low-income children in proprietary child care centers. The total amount to be transferred to the State Department of Education from Title XX and TANF combined shall not exceed \$351,661,000. In the event Title XX funds are provided to the State Department of Education pursuant to this provision, the State Department of Education shall comply with all Title XX regulations and reporting requirements. The Department of Finance shall provide written notification to the chairperson of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee at the time of the transfer.</p> <p>5180-403—Upon request of the Secretary for Health and Human Services, the Director of Finance is authorized to approve transfers not to exceed \$60,000,000 from the Federal Temporary Assistance for Needy Families (TANF) block grant to and in augmentation of any program for which TANF funds have been appropriated in this act, only if the request (1) meets all of the conditions set forth in Section 28 of this act, or (2) is consistent with Provision 4 of Item 5180-101-0001. Any transfers pursuant to this paragraph shall require the respective legislative notification procedures set forth in Section 28 or Provision 4 of Item 5180-101-0001, whichever is applicable.</p> <p>5180-491—Reappropriation, Department of Social Services. Notwithstanding any other provision of law, the balance of the funds for the appropriations provided in the following citations are reappropriated for expenditure pursuant to Provision 1 and are available for expenditure until June 30, 2003:</p> <p>0001—General Fund</p> <p>(1) Item 5180-111-0001, Budget Act of 2001 (Ch. 106, Stats. 2001)</p>	

Item	Amount
(2) Item 5180-141-0001, Budget Act of 2001 (Ch. 106, Stats. 2001)	
(3) Item 5180-151-0001, Budget Act of 2001 (Ch. 106, Stats. 2001)	
0890—Federal Trust Fund	
(1) Item 5180-111-0890, Budget Act of 2001 (Ch. 106, Stats. 2001)	
(2) Item 5180-141-0890, Budget Act of 2001 (Ch. 106, Stats. 2001)	
(3) Item 5180-151-0890, Budget Act of 2001 (Ch. 106, Stats. 2001)	
Provisions:	
1. It is the intent of this item to continue funding approved activities for the automation projects that, due to schedule changes, result in unexpended appropriations one year and the need for additional funding in the following year. Therefore, notwithstanding any other provision of law, the balance of the appropriations for these automation projects may, upon approval of the Department of Finance, be reappropriated for transfer to and in augmentation of the corresponding items in this act. The funds reappropriated by this provision shall be made available consistent with the amount approved by the Department of Finance and the Department of Information Technology based on an approved special project report or equivalent document not sooner than 30 days after providing notification in writing to the chairperson of the fiscal committee of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.	
5180-492—Reappropriation, Department of Social Services. Notwithstanding any other provision of law, the balance of the appropriations in the following citations is reappropriated for the purpose specified, and shall be available for encumbrance and expenditure until June 30, 2004:	
0001—General Fund	
(1) Item 5180-102-0001, Budget Act of 2001 (Ch. 106, Stats. 2001), for local assistance under the federal Welfare-to-Work match.	
5180-495—Reversion, Department of Social Services. Notwithstanding any other provision of law, as of June 30, 2002, the appropriation provided in the fol-	

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<p>Following citations shall revert to the fund balance of the fund from which the appropriation was made:</p> <p>0001—General Fund</p> <p>(0.5) Item 5180-111-0001 of the Budget Act of 2000 (Ch. 52, Stats. 2000)</p> <p style="padding-left: 2em;">(a) 16.70—SSI/SSP (\$50,000,000)</p> <p>(1) Item 5180-141-0001, Budget Act of 2000 (Ch. 52, Stats. 2000)</p> <p style="padding-left: 2em;">(a) 16.80-County Administration (\$4,304,000)</p>	

YOUTH AND ADULT CORRECTIONAL AGENCY

5240-001-0001—For support of the Department of Corrections.....	4,481,209,000
Schedule:	
(1) 21-Institution Program .....	3,326,467,000
(2) 22-Health Care Services Program .....	835,879,000
(3) 31-Community Correctional Program .....	434,968,000
(4) 41.01-Administration.....	143,853,000
(5) 41.02-Distributed Administration .....	-143,853,000
(6) Reimbursements .....	-67,702,000
(7) Amount payable from the Federal Trust Fund (Item 5240-001-0890)..	-2,017,000
(8) Amount payable from the Inmate Welfare Fund (Item 5240-001-0917).....	-46,386,000

Provisions:

1. Funds appropriated to accommodate projected institutional population levels in excess of those that actually materialize, if any, shall revert to the General Fund, except that the Director of Finance may approve an increase in expenditures that are not related to caseload for the Department of Corrections through the redirection of funding that is reasonably believed not to be needed for accommodating projected institutional population levels if the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairperson of each house of the Legislature that considers appropriations not later than 30 days prior to the effective date of the approval, or prior to whatever lesser time the chairperson of the joint committee, or his or her

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- designee, may in each instance determine. All notifications shall include (a) the reason for the proposed redirection of caseload funding to expenditures that are not related to caseload, (b) the approved amount, and (c) the basis of the director's determination that the funding is not needed for accommodating projected institutional population levels.
2. Funds appropriated to accommodate projected parole population levels in excess of those that actually materialize, if any, shall revert to the General Fund, except that the Director of Finance may approve an increase in expenditures that are not related to caseload for the Department of Corrections through the redirection of funding that is reasonably believed not to be needed for accommodating projected parole population levels if the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairperson of each house of the Legislature that considers appropriations not later than 30 days prior to the effective date of the approval, or prior to whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine. All notifications shall include (a) the reason for the proposed redirection of caseload funding to expenditures that are not related to caseload, (b) the approved amount, and (c) the basis of the director's determination that the funding is not needed for accommodating projected parole population levels.
  3. Any funds recovered as a result of audits of locally operated return-to-custody centers shall revert to the General Fund.
  4. When contracting with counties for vacant jail beds for any inmate under the jurisdiction of the Director of the Department of Corrections, the department shall not reimburse counties more than the average amount it costs the state to provide the same services in comparable state institutions. This restriction shall not apply to any existing contract, but shall apply to the extension or renewal of that contract. In addition, the total operational cost of incarcerating state inmates in leased county jail beds (which includes state costs, but is exclusive of one-time and capital out-

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lay costs), shall not exceed the department's average cost for operating comparable institutions.	
5. Notwithstanding any other provision of law, but subject to providing 30 days' prior notification to the Joint Legislative Budget Committee, funds appropriated in Schedule (1) or (3), or both, of this item may be transferred to Item 5240-101-0001, Schedule (2), upon order of the Director of Finance, to provide funds for the reimbursement of counties for the cost of holding parole violators in local jail.	
6. Notwithstanding any other provision of law, upon approval of the Department of Finance, the Department of Corrections may transfer, between Schedules (1), (2), and (3) of this item, up to 5 percent of the amounts appropriated in these schedules. Any transfer of funds appropriated in Schedules (1), (2), and (3) of this item exceeding 5 percent may occur not sooner than 30 days after notification thereof to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the fiscal committees of the Legislature.	
7. The Department of Corrections shall adjust the number of contracted beds with the Department of Mental Health necessary to house its offenders as part of its ongoing Coleman compliance effort. This revision shall be based on actual and reasonably projected bed usage, and be included in the Governor's Budget population related request and adjusted in the May Revision as necessary.	
8. Of the 138.7 positions that were abolished from the Department of Corrections on July 1, 2001, the Department of Finance shall authorize the permanent establishment of 47.72 health care positions and 34.08 safety and security positions upon its determination that the department has verified all vacancies in the respective classifications in each affected institution have been filled.	
9. The Department of Corrections shall continue the contracts for the Leo Chesney Center, Baker Community Correctional Facility, McFarland Community Correctional Facility, Mesa Verde Community Correctional Facility, and Eagle Mountain Community Correctional Facility for an interim period through June 30, 2003. This interim period may be extended by the Department pending implementation of new contracts, with	

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30-day notice to the providers. The department shall competitively bid the new contracts. The new contracts shall be awarded to the lowest responsible bidder that can provide the same level of programming opportunities that is currently offered. The current providers shall be reimbursed for any reasonable reactivation costs incurred, which shall be included as part of the interim contract terms and conditions. In the fall 2002 population process, the department shall adjust the funding levels as necessary for these contracts and any reasonable departmentally incurred reactivation costs.	
5240-001-0890—For support of the Department of Corrections, for payment to Item 5240-001-0001, payable from the Federal Trust Fund .....	2,017,000
5240-001-0917—For support of the Department of Corrections, for payment to Item 5240-001-0001, payable from the Inmate Welfare Fund .....	46,386,000
5240-003-0001—For support of the Department of Corrections for rental payments on lease revenue bonds .....	241,643,000
Schedule:	
(1) Base Rent and Fees .....	260,598,000
(2) Insurance .....	2,596,000
(3) Reimbursements .....	-21,551,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
5240-101-0001—For local assistance, Department of Corrections .....	56,497,000
Schedule:	
(1) 21-Institution Program .....	15,132,000
(2) 31-Community Correctional Program .....	41,365,000
Provisions:	
1. The amount appropriated in this item is provided for the following purposes:	
a. To pay the transportation costs of prisoners to and between state prisons, including the return of parole violators to prison and for the conveying of persons under provisions of Division	

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3 (commencing with Section 3000) of the Welfare and Institutions Code and the Western Interstate Corrections Compact (Section 11190 of the Penal Code), in accordance with Section 26749 of the Government Code. Claims filed by local jurisdictions shall be filed within six months after the end of the month in which those transportation costs are incurred. Expenditures shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller.

Claims filed by local jurisdictions directly with the Controller may be paid by the Controller.

- b. To pay the expenses of returning fugitives from justice from outside the state, in accordance with Sections 1389, 1549, and 1557 of the Penal Code. Claims filed by local jurisdictions shall be filed within six months after the end of the month in which expenses are incurred, expenditures shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller, and any restitution received by the state for those expenses shall be credited to the appropriation of the year in which the Controller's receipt is issued.

Claims filed by local jurisdictions directly with the Controller may be paid by the Controller.

- c. To pay court costs and county charges, payable under Sections 4700.1, 4750 to 4755, inclusive, and 6005 of the Penal Code. Claims shall be filed by local jurisdictions within six months after the end of the month in which a service is performed by the coroner, a hearing is held on the return of a writ of habeas corpus, the district attorney declines to prosecute a case referred by the Department of Corrections, a judgment is rendered for a court hearing or trial, an appeal ruling is rendered for the trial judgment, or an activity is performed as permitted by these sections. Expenditures shall be charged to either the fiscal year in which the

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claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller.

Claims filed by local jurisdictions directly with the Controller may be paid by the Controller.

- d. To reimburse counties for the cost of detaining state parolees pursuant to Section 4016.5 of the Penal Code. Claims shall be filed by local jurisdictions within six months after the end of the month in which the costs are incurred. Claims filed by local jurisdictions may not include booking fees, may not recover detention costs in excess of \$59 per day, and shall be limited to the detention costs for those days on which parolees are held subject only to a Department of Corrections request pursuant to subdivision (b) of Section 4016.5 of the Penal Code. Expenditures shall be charged to either the fiscal year in which the claim is received by the Department of Corrections or the fiscal year in which the warrant is issued.

- 2. Notwithstanding any other provision of law, upon 30-day prior notification to the Chairperson of the Joint Legislative Budget Committee, funds appropriated in Schedule (2) of this item may be transferred to Schedules (1) or (3), or both, of Item 5240-001-0001, upon order of the Director of Finance, to provide funds for the reimbursement of counties for the cost of holding parole violators in local jails or for the auditing or monitoring of local assistance costs.

5240-295-0001—For local assistance, Department of Corrections, for reimbursement, in accordance with the provisions on Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller .....

1,000

Schedule:

- (1) 98.01.082.091-Prisoner Parental Rights (Ch. 820, Stats. 91) ..... 1,000

Provisions:

- 1. Except as provided in Provision 2 of this item, allocations of funds provided in this item to the appropriate local entities shall be made by the State



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<p>Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated in this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.</p> <p>2. If any of the scheduled amounts are insufficient to provide full reimbursement of costs, the State Controller may, upon notifying the Director of Finance in writing, augment those deficient amounts from the unencumbered balance of any other scheduled amounts therein. No order may be issued pursuant to this provision unless written notification of the necessity therefor is provided to the chairperson of the committee in each house which considers appropriation and the Chairperson of the Joint Legislative Budget Committee or his or her designee.</p>	
5240-301-0001—For capital outlay, Department of Corrections .....	7,603,000
Schedule:	
(1) 61.01.001-Statewide: Budget Packages and Advance Planning .....	100,000
(1.5) 61.12.426-California State Prison, San Quentin, San Quentin: Correctional Treatment Center, Phase II—Preliminary plans .....	375,000
(3) 61.06.021-Deuel Vocational Institution, Tracy: Infirmary Heating, Ventilation and Air Conditioning—Working drawings .....	90,000
(4) 61.08.036-California Institution for Men, Chino: Cell Security Lighting/ Reception Center Central Facility—Preliminary plans .....	130,000
(5) 61.14.030-Minor Projects .....	1,000,000
(6) 61.15.027-California Rehabilitation Center, Norco: Potable Water System Improvements—Construction ..	1,845,000

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(7) 61.15.040-California Rehabilitation Center, Norco: Patton State Hospital Double Perimeter Security Fence—Working drawings.....	567,000
(7.5) 61.17.425-Avenal State Prison, Avenal: Correctional Clinical Case Management—Construction	736,000
(9) 61.35.005-Salinas Valley State Prison, Soledad: Water Treatment Plant Installation—Preliminary plans, working drawings and construction.....	1,835,000
(10) 61.47.002-California State Prison-Sacramento, Represa: Psychiatric Services Unit/Enhanced Outpatient Care, Phase II—Working drawings .....	925,000
<b>Provisions:</b>	
1. The funds appropriated in Schedule (1) are to be allocated by the Department of Corrections, upon approval by the Department of Finance to develop design and cost information for new projects for which funds have not been previously appropriated, but for which preliminary plan funds, working drawings funds, or working drawings and construction funds are expected to be included in the 2003–04 or 2004–05 Governor’s Budget, and for which cost estimates or preliminary plans can be developed prior to legislative hearings on the 2003–04 and 2004–05 Governor’s Budgets, respectively. These funds may be used for all of the following: budget package development, environmental services, architectural programming, engineering assessments, schematic design, and preliminary plans. The amount appropriated in this item for that purpose is not to be construed as a commitment by the Legislature as to the amount of capital outlay funds it will appropriate in any future year.	
2. As used in this appropriation, studies shall include site studies and suitability reports, environmental studies, master planning, architectural programming and schematics.	
5240-301-0660—For capital outlay, Department of Corrections, payable from the Public Buildings Construction Fund .....	12,785,000

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Schedule:

- (1) 61.03.021-California Correctional Center, Susanville: Replace Antelope Camp Dorms, Phase I—Construction ..... 2,170,000
- (2) 61.09.015-California Medical Facility, Vacaville: Unit V-Modular Housing Replacement—Construction ..... 5,824,000
- (3) 61.09.031-California Medical Facility, Vacaville: Ambulatory Care Clinic—Construction..... 2,298,000
- (4) 61.10.053-California Men’s Colony, San Luis Obispo: D-Quad Mental Health Services Building—Construction ..... 2,493,000

Provisions:

- 1. The State Public Works Board may issue lease revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance the construction of the projects authorized by this item.
- 2. The State Public Works Board and the Department of Corrections may obtain interim financing for the project costs authorized in this item from any appropriate source including, but not limited to, Section 15849.1 of the Government Code and the Pooled Money Investment Account pursuant to Sections 16312 and 16313 of the Government Code.
- 3. The State Public Works Board may authorize the augmentation of the cost of construction of the projects scheduled in this item pursuant to the board’s authority under Section 13332.11 of the Government Code. In addition, the State Public Works Board may authorize any additional amount necessary to establish a reasonable construction reserve and to pay the cost of financing, including the payment of interest during construction of the projects, the costs of financing a debt service fund, and the cost of issuance of permanent financing for the project. This additional amount may include interest payable on any interim financing obtained.

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4. This department is authorized and directed to execute and deliver any and all leases, contracts, agreements or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the scheduled projects.	
5. The State Public Works Board shall not itself be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (commencing with Section 21000 of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (commencing with Section 15800 of the Government Code). This section does not exempt this department from the requirements of the California Environmental Quality Act. This section is declarative of existing law.	
5240-301-0724—For capital outlay, Department of Corrections, payable from the 1984 General Obligation Bond Fund .....	469,000
Schedule:	
(1) 61.06.024-Deuel Vocational Institution, Tracy: New Well—Preliminary plans and working drawings .....	79,000
(2) 61.11.008-Richard J. Donovan Correctional Facility at Rock Mountain, San Diego: Substance Abuse Program Modular Replacement—Preliminary plans and working drawings .....	290,000
(3) 61.15.029-California Rehabilitation Center, Norco: Acquire 5.7-Acre Army Reserve Property—Acquisition .....	100,000
5240-301-0747—For capital outlay, Department of Corrections, payable from the 1988 Prison Construction Bond Fund .....	2,815,000
Schedule:	
(1) 61.39.001-CSP, Kern Co—Delano II-Construction .....	2,815,000
5240-301-0751—For capital outlay, Department of Corrections, payable from the 1990 Prison Construction Bond Fund .....	1,080,000

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Schedule:	
(1) 61.22.004-Chuckawalla Valley State Prison, Blythe: Heating, Ventilation, and Air-conditioning System—Preliminary plans .....	1,080,000
5240-402—In the event the bonds authorized for the Department of Corrections Headquarters Building project in Chapter 782 of the Statutes of 1998 are not sold, the Department of Corrections shall commit a sufficient portion of its support appropriation, as determined by the Department of Finance, which is provided for in this Budget Act to repay any interim financing. It is the intent of the Legislature that this commitment shall be included in future Budget Acts until all interim financing is repaid either through the proceeds from the sale of bonds or from an appropriation.	
5240-490—Reappropriation, Department of Corrections. The balances of the appropriations provided in the following citations are reappropriated for the purposes, and subject to the limitations unless otherwise specified, provided for in the appropriations:	
0001—General Fund	
(1) Item 5240-301-0001, Budget Act of 2001 (Ch. 106, Stats. 2001)	
(5) 61.04.020-California Correctional Institution, Tehachapi: Replacement of Unit I Security Fence—Working drawings	
(12.5) 61.09.031-California Medical Facility, Vacaville: Ambulatory Care Clinic—Working drawings	
(17) 61.10.053-California Men’s Colony-East, San Luis Obispo: D-Quad Mental Health Services Building—Working drawings	
(24) 61.15.027-California Rehabilitation Center, Norco: Potable Water System Improvements—Working drawings	
(26) 61.16.021-Sierra Conservation Center, Jamestown: Effluent Disposal Pipeline—Working drawings and construction	
(28) 61.17.009-Avenal State Prison, Avenal: Receiving and Release Expansion—Working drawings	
(2) Item 5240-301-0001, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated in Item 5240-490, Budget Act of 2001 (Ch. 106, Stats. 2001)	

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(13) 61.08.029-California Institution for Men, Chino: TB/HIV Housing Engineering Controls—Construction	
(3) Section 3 of Chapter 54, Statutes of 1999	
(1) 61.39.001-California State Prison-Kern County at Delano II-Site acquisition, site studies and suitability reports, environmental studies, master planning, architectural programming, schematics, preliminary plans, and working drawings.	
(4) Item 5240-302-0001, Budget Act of 1998 (Ch. 324, Stats. 1998), as reappropriated by Item 5240-490, Budget Act of 1999 (Ch. 50, Stats. 1999), Item 5240-490, Budget Act of 2000 (Ch. 52, Stats. 2000), and by Item 5240-490, Budget Act of 2001 (Ch. 106, Stats. 2001)	
(1) 61.01.760-Humboldt Bay National Wildlife Refuge—Acquisition and construction	
(3) 61.01.762-Allensworth Ecological Reserve—Acquisition and construction	
(4) 61.01.763-Mayacama Mountains Sanctuary—Construction	
(5) 61.01.764-Kern River Preserve—Acquisition and construction	
(7) 61.01.766-California City Desert Tortoise Natural Area—Acquisition	
(11) 61.01.770-Program Management	
(12) 61.01.771-Starr Ranch Sanctuary—Acquisition and construction	
(13) 61.01.772-Paul Wattis Sanctuary—Acquisition and construction	
(14) 61.01.773-Burrowing Owl Habitat Enhancement—Acquisition and construction	
(15) 61.01.774-Stanislaus River Parks—Acquisition and construction	
0660—Public Buildings Construction Fund	
(1) Item 5240-301-0660, Budget Act of 1999 (Ch. 50, Stats. 1999)	
(1) 61.01.950-Statewide: Ten Administrative Segregation Housing Units—Construction	
0746—1986 Prison Construction Bond Fund	
(1) Item 5240-303-746, Budget Act of 1993 (Ch. 55, Stats. 1993), as reappropriated by Item 5240-491, Budget Act of 1996 (Ch. 162, Stats. 1996) and Item 5240-493, Budget Act of 1999 (Ch. 50, Stats. 1999), as added by Chapter 888 of the Statutes of 1999	

Item	Amount
<p>(1) 61.01.711-Statewide Electrified Fence— Construction</p> <p>5240-493—Reappropriation, Department of Corrections. Notwithstanding any other provision of law, the balance of the appropriations provided in the following citations are reappropriated for the purposes provided for in the appropriations and shall be available for expenditure as cited below:</p> <p>0001—General Fund</p> <p>(1) Item 5240-001-0001 Provision (8) Budget Act of 2001 (Ch. 106, Statutes of 2001). The balance of the \$7,903,000 appropriated in Schedule (2) of this item is reappropriated only for the purpose of installing and implementing the Madrid Patient Information Management System at Pelican Bay State Prison and shall be available for expenditure until June 30, 2003. Any of the funds not used for these purposes shall revert to the General Fund.</p> <p>(2) Item 5240-001-0001, Budget Act of 2001 (Ch. 106, Statutes of 2001). \$11,695,000 appropriated in Schedule (1) of this item is hereby reappropriated only for the purpose of repairing or replacing security doors and shall be available for expenditure until June 30, 2003. Any of the funds not used for this purpose shall revert to the General Fund.</p> <p>5240-495—Reversion, Department of Corrections. Notwithstanding any other provision of law, as of June 30, 2002, the unencumbered balance of the appropriations provided in the following citations shall revert to the fund balance of the fund from which the appropriation was made:</p> <p>0001—General Fund</p> <p>Item 5240-301-0001, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 5240-490, Budget Act of 2001 (Ch. 106, Stats. 2001)</p> <p>(53) 61.17.425-Avenal State Prison, Correctional Clinical Case Management—Construction</p>	
5430-001-0001—For support of the Board of Corrections .....	1,944,000
Schedule:	
(1) 11-Corrections Planning and Programs .....	557,000
(2) 14-Facilities Standards and Operations .....	1,719,000

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(3) 21-Standards and Training for Corrections.....	2,589,000
(4) 31.01-Administration.....	324,000
(5) 31.02-Distributed Administration ...	-324,000
(6) Reimbursements.....	-588,000
(7) Amount payable from the Corrections Training Fund (Item 5430-001-0170).....	-2,333,000
5430-001-0170—For support of the Board of Corrections, for payment to Item 5430-001-0001, payable from Corrections Training Fund.....	2,333,000
5430-009-0001—For support of the Board of Corrections, for administrative costs related to Crime Prevention Act funding provided in Item 9210-101-0001 of this act. ....	275,000
5430-101-0170—For local assistance, Board of Corrections, Program 21—Standards and Training for Corrections, payable from the Corrections Training Fund .....	17,236,000
5430-128-0001—For Local Assistance, Board of Corrections, Program 11—Corrections Planning and Programs, for the Community Law Enforcement and Recovery Program.....	1,000,000
5430-295-0001—For local assistance, Board of Corrections, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or Executive order, for disbursement by the State Controller .....	2,000
Schedule:	
(1) 98.01.018.392-Mandates: Domestic Violence Treatment Services (Ch. 183, Stats. 1992).....	1,000
(2) 98.01.022.193-Mandates: Domestic Violence Treatment Program Approvals (Ch. 221, Stats. 1993).....	1,000
(3) 98.01.033.281-Mandates: Victims' Statements—Minors (Ch. 332, Stats. 1981) .....	0
Provisions:	
1. Except as provided in Provision 2 of this item, allocations of funds provided in this item to the ap-	



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appropriate local entities shall be made by the State Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated in this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.

2. If any of the scheduled amounts are insufficient to provide full reimbursement of costs, the State Controller may, upon notifying the Director of Finance in writing, augment those deficient amounts from the unencumbered balance of any other scheduled amounts therein. No order may be issued pursuant to this provision unless written notification of the necessity therefor is provided to the chairperson of the committee in each house which considers appropriation and the Chairperson of the Joint Legislative Budget Committee or his or her designee.
3. Pursuant to Section 17581 of the Government Code, mandates identified in the appropriation schedule of this item with an appropriation of \$0 and included in the language of this provision are specifically identified by the Legislature for suspension during the 2002–03 fiscal year:
  - (3) Victims' Statements—Minors (Ch. 332, Stats. 1981)

5430-490—Reappropriation, Board of Corrections. Notwithstanding any other provision of law, the balance of the appropriation provided in the following citation is reappropriated for the purposes provided for in the appropriation and shall be available for expenditure until September 29, 2005.

0890—Federal Funds

- (1) Item 5430-006-0890, Budget Act of 1998 (Federal Crime Bill)
- (2) Item 5430-106-0890, Budget Act of 1998 (Federal Crime Bill)

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5430-491—Reappropriation, Board of Corrections. Notwithstanding any other provision of law, the balances of the appropriations provided for in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for in those appropriations, and shall be available for encumbrance and expenditure until June 30, 2003: 0001—General Fund	
(1) Item 5430-113-0001, Budget Act of 2000 (Ch. 52, Stats. 2000), is reappropriated for transfer to and in augmentation of Item 5430-128-0001 of this act.	
(2) Item 5430-101-0001, Budget Act of 1996 (Ch. 162, Stats. 1996), as reappropriated by Item 5430-490, Budget Acts of 1997 (Ch. 282, Stats. 1997) and 1998 (Ch. 324, Stats. 1998), is reappropriated for transfer to and in augmentation of Item 5430-128-0001 of this act.	
5430-495—Reversion, Board of Corrections. As of June 30, 2002, the unencumbered balance of the appropriation provided in the following citation shall revert to the balance in the fund from which the appropriation was made: 0796—1988 County Correctional Facility Capital Expenditure and Youth Facility Bond Fund	
(1) Chapter 1327, Statutes of 1989	
5430-496—Reversion, Board of Corrections. As of June 30, 2002, the following amounts shall revert to the fund from which the appropriation was made: 0001—General Fund	
(1) \$18,000,000 from Item 5430-103-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).	
(2) \$12,300,000 from Item 5430-118-001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).	
5440-001-0001—For support of the Board of Prison Terms.....	15,281,000
Schedule:	
(1) 10-Board of Prison Terms .....	15,322,000
(2) Reimbursements.....	-41,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance shall authorize additional expenditures for purposes of this item in excess of the amount appropriated in this item by	

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<p>\$15,157,000 from the General Fund and \$40,000 in reimbursements, once the Board of Prison Terms demonstrates full compliance with the provisions of Chapter 131 of the Statutes of 2001, including development of a plan to eliminate and prevent backlogs of life parole consideration hearings, and also the development of a plan to address the inmate and parolee appeals process to eliminate the backlog of pending appeals and ensure timely administrative disposition. The Director of Finance may not approve any increased expenditure unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of fiscal committees in each house not later than 30 days prior to the effective date of approval.</p>	
5450-001-0001—For support of the Youthful Offender Parole Board, Program 10.....	1,644,000
5460-001-0001—For support of the Department of the Youth Authority .....	296,048,000
Schedule:	
(1) 20-Institutions and Camps .....	307,247,000
(2) 30-Parole Services.....	47,526,000
(3) 40-Education Services .....	12,649,000
(4) 50.01-Administration.....	30,564,000
(5) 50.02-Distributed Administration ...	-28,981,000
(6) Reimbursements.....	-70,712,000
(7) Amount payable from the California State Lottery Education Fund—California Youth Authority (Item 5460-001-0831) .....	-792,000
(8) Amount payable from the Federal Trust Fund (Item 5460-001-0890).....	-1,453,000
Provisions:	
<p>1. Of the funds appropriated in Schedule (1), \$31,000 is provided for payment of energy service contracts in connection with the issuance of Public Works Board Energy Efficiency Revenue Bonds (State Pool Program), Series 1986A.</p>	
<p>2. Notwithstanding any other provision of law, the Director of Finance may authorize a loan from the General Fund to the Department of the Youth Authority for the purpose of meeting operational cashflow obligations for the 2002–03 fiscal year. The loan shall not exceed the estimated amount of uncollected reimbursements pursuant to Chap-</p>	

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ter 6 of the Statutes of 1996, for the final quarter of any fiscal year in which the loan is to be provided.	
3. The Department of the Youth Authority shall ensure that its educational programs comply with federal and state civil rights laws. Specifically, the department shall ensure that its educational programs provide English language support as well as access to the core curriculum for wards with limited English proficiency in accordance with applicable federal and state requirements.	
5460-001-0831—For support of the Department of the Youth Authority, for payment to Item 5460-001-0001, payable from the California State Lottery Education Fund—California Youth Authority.....	792,000
Provisions:	
1. All funds received pursuant to Proposition 37 that are allocable to the Department of the Youth Authority pursuant to Section 8880.5 of the Government Code and that are in excess of the amount appropriated in this item, are hereby appropriated in augmentation of this item. Such additional funds may be expended only upon written approval of the Department of Finance.	
5460-001-0890—For support of the Department of the Youth Authority, for payment to Item 5460-001-0001, payable from the Federal Trust Fund .....	1,453,000
5460-003-0001—For support of the Department of the Youth Authority for rental payments on lease revenue bonds .....	1,341,000
Schedule:	
(1) Base Rental and Fees .....	1,328,000
(2) Insurance .....	13,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
5460-011-0001—For support of the Department of the Youth Authority (Proposition 98) .....	35,536,000
Schedule:	
(1) 40-Education Services .....	35,536,000
5460-101-0001—For local assistance, Department of the Youth Authority .....	3,331,000

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Schedule:	
(1) 20-Institutions and Camps .....	78,000
(2) 30-Parole Services.....	3,253,000
Provisions:	
1. Of the amount appropriated in this item, \$2,481,000 is provided for the following purposes:	
a. To pay the transportation costs of persons committed to the Department of the Youth Authority to or between its facilities, including the return of parole violators, provided that expenditures made under this item shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller. However, claims shall be filed by local jurisdictions within six months after the end of the month in which the costs are incurred.	
b. To reimburse counties, pursuant to Section 1776 of the Welfare and Institutions Code, for the cost of the detention of Youth Authority parolees who are detained on alleged parole violations, provided that expenditures made under this item shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller. However, claims shall be filed by local jurisdictions within six months after the end of the month in which the costs are incurred.	
5460-301-0001—For capital outlay, Department of the Youth Authority .....	550,000
Schedule:	
(1) 60.01.035-Statewide: Pre-Schematic/Master Planning Budget Packages and Advanced Planning.....	50,000
(2) 60.90.010-Minor Projects .....	500,000
Provisions:	
1. The funds appropriated in Schedule (1) shall be allocated by the Department of the Youth Authority to develop design and cost information for new projects for which funds have not been previously appropriated, but for which preliminary plans funds, working drawings funds, or working drawing or construction funds are expected to be included in the Governor's Budget for the 2003-04	

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or 2004–05 fiscal year, and for which cost estimates and/or preliminary plans can be developed prior to legislative hearings on the Governor’s Budget for the 2003–04 or 2004–05 fiscal year. These funds may be used for the following: budget package development, architectural programming, engineering assessments, schematic design, and preliminary plans. The amount appropriated in this item for these purposes shall not be construed as a commitment by the Legislature as to the amount of capital outlay funds it will appropriate in any future year.

2. As used in this appropriation, studies shall include site studies and suitability reports, environmental studies, master planning, architectural programming and schematics.

5460-301-0660—For capital outlay, Department of the Youth Authority, payable from Public Buildings Construction Fund .....

18,747,000

Schedule:

- (1) 60.26.080-Northern California Youth Correctional Center: Correctional Treatment Center—Construction ..... 3,933,000
- (1.5) 60.54.110-Fred C. Nelles Youth Correctional Facility: Replace Taft Adjustment Center—Construction. 1,193,000
- (2) 60.54.115-Fred C. Nelles Youth Correctional Facility: Construct New Kitchen—Construction ..... 8,457,000
- (3) 60.56.125-Southern Youth Correctional Reception Center and Clinic: Specialized Counseling Program Beds—Working drawings and construction..... 3,465,000
- (4) 60.58.070-Ventura Youth Correctional Facility: Special Education Assessment Center—Construction ..... 1,399,000
- (5) 60.67.110-Heman G. Stark Youth Correctional Facility: Correctional Treatment Center—Construction... 300,000

Provisions:

1. The State Public Works Board may issue lease revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the

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- Government Code to finance the construction of the project authorized by this item.
2. The State Public Works Board and the Department of the Youth Authority may obtain interim financing for the project costs authorized in this item from any appropriate source including, but not limited to, Section 15849.1 of the Government Code and the Pooled Money Investment Account pursuant to Sections 16312 and 16313 of the Government Code.
  3. The State Public Works Board may authorize the augmentation of the cost of construction of the project scheduled in this item pursuant to the board's authority under Section 13332.11 of the Government Code. In addition, the State Public Works Board may authorize any additional amount necessary to establish a reasonable construction reserve and to pay the cost of financing, including the payment of interest during construction of the project, the costs of financing a debt service fund, and the cost of issuance of permanent financing for the project. This additional amount may include interest payable on any interim financing obtained.
  4. This department is authorized and directed to execute and deliver any and all leases, contracts, agreements or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the scheduled projects.
  5. The State Public Works Board shall not itself be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (commencing with Section 21000 of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (commencing with Section 15800 of the Government Code). This section does not exempt this department from the requirements of the California Environmental Quality Act. This section is intended to be declarative of existing law.
- 5460-485—Reappropriation (Proposition 98), Department of the Youth Authority. The sum of \$2,600,000 is reappropriated from the Proposition 98 Reversion Account, for the following purpose:
- 0001—General Fund, \$2,600,000 on a one-time basis for the enrichment of educational services, includ-

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ing, but not limited to, implementation of a Voluntary Resolution Plan for English Learners, special education services, teacher training, and educational materials.	
5460-496—Reversion, Department of the Youth Authority. As of June 30, 2002, the unencumbered balance of the appropriation provided in the following citation shall revert to the fund balance of the fund from which the appropriation was made.	
0001—General Fund	
(.5) Item 5460-301-0001, Budget Act of 2000 (Ch. 52, Stats. 2000) as reappropriated by Item 5460-490, Budget Act of 2001 (Ch. 106, Stats. 2001), (3) 60.56.125-Southern Youth Correctional Reception Center and Clinic: Specialized Counseling Program Beds—Working drawings.	
(1) Item 5460-301-0001, Budget Act of 2001 (Ch. 106, Stats. 2001), (5) 60.26.140-N. A. Chaderjian Youth Correctional Facility: Construct 50 Bed Specialized Counseling Program—Preliminary plans.	
5480-001-0001—For support of Commission on Correctional Peace Officers’ Standards and Training, Program 10 .....	2,217,000

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6110-001-0001—For support of Department of Education .....	45,131,000
Schedule:	
(1) 10-Instruction.....	61,924,880
(2) 20-Instructional Support .....	74,829,840
(3) 30-Special Programs.....	43,401,280
(4) 41.00-Executive Management and Special Services.....	7,772,000
(5) 41.01-State Board of Education .....	703,000
(6) 42.01-Department Management and Special Services.....	29,218,000
(7) 42.02-Distributed Department Management and Special Services.....	-29,218,000
(8) Reimbursements.....	-17,395,000
(9) Amount payable from Federal Trust Fund (Item 6110-001-0890)....	-126,105,000
Provisions:	
1. An amount equal to or greater than the amount appropriated in Schedule (5) shall be available for support of the State Board of Education (SBE)	



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and shall be directed to meet the policy priorities of its members. Of the amount appropriated in this schedule, \$130,000 is allocated for statutory oversight of charter schools approved by the SBE. In addition, the State Department of Education is authorized to receive and expend statutory reimbursements of an amount estimated to be \$130,000 for purposes of overseeing SBE-approved charter schools.

2. Notwithstanding Section 33190 of the Education Code, or any other provision of law, the State Department of Education shall expend no funds to prepare (a) a statewide summary of student performance on school district proficiency assessments or (b) a compilation of information on private schools with five or fewer pupils.
3. Notwithstanding any other provision of law, of the funds appropriated in this item, a minimum of \$2,375,000 shall be used to provide technical assistance and administrative support to the Healthy Start program.
4. Funds appropriated in this item may be expended or encumbered to make one or more payments under a personal services contract of a visiting educator pursuant to Section 19050.8 of the Government Code, a long-term special consultant services contract, or an employment contract between an entity that is not a state agency and a person who is under the direct or daily supervision of a state agency, only if all of the following conditions are met:
  - (a) The person providing service under the contract provides full financial disclosure to the Fair Political Practices Commission in accordance with the rules and regulations of the commission.
  - (b) The service provided under the contract does not result in the displacement of any represented civil service employee.
  - (c) The rate of compensation for salary and health benefits for the person providing service under the contract does not exceed by more than 10 percent the current rate of compensation for salary and health benefits determined by the Department of Personnel Administration for civil service personnel in a comparable position. The payment of any

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<p style="text-align: center;">other compensation or any reimbursement for travel or per diem expenses shall be in accordance with the State Administrative Manual and the rules and regulations of the State Board of Control.</p> <ol style="list-style-type: none"> <li>5. Of the funds appropriated in this item, \$150,000 shall be used for the Gang Risk Intervention Program pursuant to Chapter 5 (commencing with Section 58700) of Part 31 of the Education Code.</li> <li>6. Of the funds appropriated in this item, \$143,000 shall be available in support of the Commission on Technology in Learning pursuant to Chapter 830 of the Statutes of 1999.</li> <li>7. The funds appropriated in this item may not be expended for any REACH program.</li> <li>8. The funds appropriated in this item may not be expended for the development or dissemination of program advisories, including, but not limited to, program advisories on the subject areas of reading, writing, and mathematics, unless explicitly authorized by the State Board of Education.</li> <li>9. Of the funds appropriated in this item, \$206,000 shall be available as matching funds for the State Department of Rehabilitation to provide coordinated services to disabled pupils. Expenditure of the funds shall be identified in the memorandum of understanding or other written agreement with the Department of Rehabilitation to ensure an appropriate match to federal vocational rehabilitation funds.</li> <li>10. Of the funds appropriated in this item, no less than \$4,085,000 is available for support of Child Care Services, including After School Programs pursuant to Chapters 318, 319, and 320 of the Statutes of 1998 (Program 30.10).</li> <li>11. Pursuant to Provision 8 of Item 6110-196-0001 of Section 2.00 of this act, the Department of Finance may transfer up to \$18,163,000 of federal funds to this item.</li> <li>12. Of the amount appropriated in Schedule (2), \$50,000 is for reporting the results of physical performance tests administered by school districts in the 2001–02 fiscal year pursuant to Chapter 6 (commencing with Section 60800) of Part 33 of the Education Code. The State Department of Education shall ensure that results comparing the performance of pupils in each school</li> </ol>	

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and district to national performance are reported to school district governing boards and shall submit a report of statewide results comparing the performance of California pupils to national performance to the Legislature and the Governor prior to November 1, 2002.	
13. Of the funds appropriated in Schedule (2), \$150,000 shall be available for the State Department of Education to contract for an independent project oversight consultant. The independent project oversight consultant shall submit quarterly project reports on the progress of the California School Information Services System program to the Legislature, the Department of Finance, the Superintendent of Public Instruction, the State Board of Education, the Governor, the Legislative Analyst, and the Fiscal Crisis and Management Assistance Team beginning March 1, 2000, and continuing through the duration of the program implementation.	
14. Of the funds appropriated in this item, \$500,000 shall be available for baseline data collection regarding English learners, and the ongoing costs of evaluating the services that English learners receive, including the costs of evaluating the program funded in Item 6110-125-0001.	
15. Of the amount appropriated in this item, \$1,905,000 is provided for the sole purpose of funding 16.5 positions and associated operating expenses and equipment costs related to implementation of the Public Schools Accountability Act, as established by Chapter 6.1 (commencing with Section 52050) of Part 28 of the Education Code.	
16. Of the funds appropriated in Schedule (4) of this item, \$150,000 shall be available to allow the State Department of Education to contract with other state agencies to conduct audits of high-risk and community-based organizations. The State Department of Education shall submit a report to the Department of Finance no later than August 1, 2003, regarding the number of audits completed with these funds. The report shall also include the average amount of time required and funds expended per high-risk audit completed, and it shall include the methodology the State Department of Education used to determine	

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- which high-risk and community-based organizations were audited. The report specified in Provision 18 of this item in the Budget Act of 2001 (Ch. 106, Stats. 2001) remains due to the Department of Finance on August 1, 2002.
17. Of the funds appropriated in Schedule (2) of this item, \$250,000 and three positions shall be available for the English Language and Literacy Intensive Program. Funding and positions for this program expire at the completion of the 2002–03 fiscal year.
  18. Of the funds appropriated in this item, \$360,000 is for the purpose of providing the STAR and HSEE programs each with two staff possessing psychometric and test development expertise. Encumbrance of these funds is contingent upon the redirection and reclassification of existing vacant and unfunded positions from elsewhere within the State Department of Education.
  19. Of the funds appropriated in this item, \$400,000 is for the purpose of funding two existing positions for the STAR Program and two existing positions for various other testing programs, including the HSEE, English Language Development, and Golden State Exams. These positions previously were funded through Goals 2000.
  20. Of the funds appropriated in this item, \$150,000 is provided solely for the purpose of funding existing positions from within the State Department of Education, to provide the Curriculum Commission with subject matter specialists.
  21. \$333,000 shall be provided to the Office of the Legislative Analyst for the purpose of funding the third and final year of a longitudinal evaluation of charter schools pursuant to Education Code Section 47616.5.
  22. Of the funds appropriated in this item, \$107,000 shall be available to fund one consultant position for maintenance of the High School Exit Exam workbook program.
  24. Of the funds appropriated in this item, \$400,000 is to contract for a review of proposals submitted by school districts that wish to participate in the Mathematics and Reading Professional Development program. The selection of this contractor

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	shall be subject to the approval of the State Board of Education.
25.	Of the funds appropriated in Schedule (1) and Schedule (8) of this item, \$175,000 and two limited term positions shall be available for the Cal-WORKs program. Funding and positions for this program shall expire at the completion of the 2003–04 fiscal year.
26.	\$125,000 of the funds appropriated in this item shall be used to fund one education consultant for the purpose of providing technical assistance to comply with additional mandates created by Chapter 587 of the Statutes of 1999.
27.	Upon 30-day written notification of the Legislature, the Department of Finance may augment the appropriation in this item by up to \$500,000 to pay for the Department of Education's state administration costs associated with any litigation directly related to the High School Exit Exam.
28.	Of the funds appropriated in this item, \$858,000 shall be available for costs associated with the administration of the High Priority Schools Grant program pursuant to Chapter 6.1 (commencing with Section 52055.600) of Part 28 of the Education Code and the Immediate Intervention/Underperforming Schools Program pursuant to Chapter 6.1 (commencing with Section 52053) of Part 28 of the Education Code.
29.	(a) Notwithstanding any other provision of law, any unexpended funds appropriated in Item 6110-011-0001 of the Budget Act of 2001 or in any prior Budget Act for the purposes of rewriting the Principal Apportionments System shall remain available for expenditure for the same purposes for which they were appropriated. Any expenditure pursuant to this provision shall be made only after receiving written approval from the Department of Finance.
	(b) Any revision of the Principal Apportionments System shall allow for the capture of all charter school ADA and revenue in such a way that the data can be linked to the district in which the charter school operates, along with the district's other apportionment-related data. By October 31, 2002,

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- the State Department of Education shall provide to the Department of Finance a blended file of all charter school ADA and revenue aligned with the districts in which the charter schools operate along with the districts' regular apportionment data as part of the P2 Revenue Limit File. By March 1, 2003, the Department of Education shall provide to the Department of Finance a blended file of all charter school ADA and revenue aligned with the districts in which the charter schools operate along with the districts' regular apportionment data as part of the P1 Revenue Limit File. It is the expectation that such reports will be provided annually.
- 29.5. Of the funds appropriated in this item, \$457,000 shall be available for project support of the Principal Apportionment System Rewrite (PASR). Expenditure of these funds is contingent upon Department of Finance approval of PASR Special Project Request (SPR) #5, and funds may only be expended as specified in that approval.
  30. The balance of any unencumbered funds appropriated through Provision 23 of Item 6110-001-0001 of the Budget Act of 2001 shall remain available to the Office of the Legislative Analyst for the purpose of providing an evaluation of charter schools pursuant to Chapter 34 of the Statutes of 2000.
  31. Of the funds appropriated in this item, \$150,000 is provided to print and distribute the Model Curriculum for Human Rights and Genocide to K-12 schools, districts, and county offices of education.
  32. On or before April 15, 2003, the State Department of Education (SDE) shall provide to the Department of Finance an electronic file that includes complete district- and county-level state appropriations limit information reported to SDE. SDE shall make every effort to ensure that all districts have submitted the necessary information requested on the relevant reporting forms.
  34. Of the funds appropriated in this item, \$125,000 shall be available for a study and evaluation of public schools' compliance with federal Title IX

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requirements, pursuant to legislation enacted during the 2001–02 Regular Session.	
6110-001-0119—For support of Department of Education, Program 20.30-Administrative Services to local educational agencies, payable from the 1998 State School Facilities Fund .....	1,920,000
Provisions:	
1. Funds appropriated by this item are for support of the activities of the School Facilities Planning Division and are to be used exclusively for activities related to local school construction, modernization, deferred maintenance, class size reduction facilities, and schoolsite acquisition.	
6110-001-0178—For support of the Department of Education, Program 20.30.003-Instructional Support, for the purpose of conducting schoolbus driver instructor training as provided in Section 40070 of the Education Code, payable from the Driver Training Penalty Assessment Fund .....	1,068,000
6110-001-0231—For support of Department of Education, Program 20.10.045-Instructional Support, Curriculum Services-Health and Physical Education-Drug Free Schools, payable from the Health Education Account, Cigarette and Tobacco Products Surtax Fund.....	952,000
6110-001-0687—For support of Department of Education, for the California State Agency for Donated Food Distribution, Program 30.50-Donated Food Distribution, payable from the Donated Food Revolving Fund.....	5,019,000
6110-001-0890—For support of Department of Education, for payment to Item 6110-001-0001, payable from the Federal Trust Fund .....	126,105,000
Provisions:	
1. The funds appropriated in this item include Federal Vocational Education Act funds for the 2002–03 fiscal year to be transferred to community colleges by means of interagency agreements. These funds shall be used by community colleges for the administration of vocational education programs.	
2. Of the funds appropriated in this item, \$96,000 is available to the Advisory Commission on Special Education for the in-state travel expenses of the commissioners and the secretary to the commission.	

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3. Of the funds appropriated in this item, \$384,000 is available for programs for homeless youth and adults pursuant to the federal McKinney-Vento Homeless Assistance Act. The department shall consult with the State Departments of Economic Opportunity, Mental Health, Housing and Community Development, and Economic Development in operating this program.	
4. Of the funds appropriated in this item, up to \$364,000 shall be used to provide in-service training for special and regular educators and related persons, including, but not limited to, parents, administrators, and organizations serving severely disabled children. These funds are also to provide up to four positions for this purpose.	
5. Of the funds appropriated in this item, \$318,000 shall be used to provide training in culturally non-biased assessment and specialized language skills to special education teachers.	
6. Of the amount appropriated in this item, \$1,200,000 shall be used for the administration of the federal charter schools program. These activities include monitoring of grant recipients, and increased review and technical assistance support for federal charter school grant applicants and recipients. For fiscal year 2002–03, one Education Program Consultant position shall support fiscal issues pertaining to charter schools, including implementation of the funding model pursuant to Chapter 34 of the Statutes of 1998.	
7. Of the funds appropriated in this item, \$932,000 shall be for the administration of the Federal Reading Excellence Act.	
8. Of the funds appropriated in this item, \$9,883,000 is from the Child Care and Development Block Grant Fund and includes \$158,000 for an inter-agency agreement with the Child Development Programs Advisory Committee. \$300,000 is available for transfer to the Department of Social Services for continuing data analysis associated with the child care reform. The Department of Social Services shall accommodate legislative requests for analysis of data to the extent possible and share its findings with the relevant fiscal and policy committees of both houses, and the Legislative Analyst's office. \$150,000 is available to increase the base resources for the child develop-	



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ment audit workload. These funds are solely for travel expenses to facilitate the goal of conducting field audits on 10 percent of child care and development agencies consistent with Provision 8.5 of Item 6110-001-0890 of the Budget Act of 2001. The audits shall include sampling to determine the level of compliance with eligibility rules, accuracy of family fee determinations, and family fee collections. The State Department of Education shall provide a report to the Legislature and the Department of Finance by September 1, 2003, on fee and eligibility compliance rates and take steps to reduce compliance problems through sanctions and other remedies available in law.

9. Of the funds appropriated in this item, \$2,101,000 shall be used for administration of the Enhancing Education Through Technology Grant Program. Of this amount:
  - (a) \$580,000 is available only for contracted technical support and evaluation services.
  - (b) \$500,000 is available on a one-time basis for an evaluation of state and federal education technology programs. This evaluation will compare classroom practices across multiple grades and assess the affect of education technology programs on the ability of teachers to integrate technology into their curriculum. The scope and content of the evaluation are subject to review by the Department of Finance and the Legislative Analyst's office. The Department of Education shall submit a proposal for the evaluation to these offices by November 15, 2002.
10. Of the funds appropriated in this item, \$8,952,000 is for dispute resolution services, including mediation and fair hearing services, provided through contract for the Special Education Program.
11. Of the amount provided in this item, \$843,000 is provided for staff for the Special Education Focused Monitoring Pilot Program to be established by the State Department of Education for the purpose of monitoring local education agency compliance with state and federal laws and regulations governing special education.
- 11.5. Of the funds appropriated in this item, \$125,000 shall be allocated for increased travel

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costs associated with program reviews conducted by the Special Education Division Focused Monitoring and Technical Assistance Units. Expenditure of these funds is subject to Department of Finance approval of an expenditure plan. The expenditure plan shall include the proposed travel costs associated with Focused Monitoring and Technical Assistance provided by the State Department of Education. It shall also include the estimated type and number of reviews to be conducted, and shall provide an estimated average cost per type of review. Annual renewal of this funding is subject to Department of Finance approval of an annual Focused Monitoring final expenditure report. The report shall be submitted on or before September 30 of each year, beginning in 2003. It shall provide the total number of reviews conducted each fiscal year, the amount of staff and personnel days and hours associated with each category of review, the travel costs associated with the type and number of reviews conducted, and an average cost-per-type of review.

12. Of the amount appropriated in this item, \$36,000 shall be used for the administration of the federal class size reduction grant program (Sec. 5, P.L. 106-25).
13. Of the funds appropriated in this item, \$120,000 shall be used solely for the administration of the federal advance placement examination fee payment grant program for low-income pupils.
16. Of the funds appropriated in this item, \$350,000 shall be available for the preparation, analysis, and production of the annual federal accountability reports, as required by the Carl D. Perkins Vocational Technical Education Act.
17. Of the funds appropriated in this item, \$303,000 shall be allocated by the Department of Education to the California State University, San Bernardino, Center for the Study of Correctional Education, for special education monitoring of and technical assistance for the California Youth Authority pursuant to Chapter 536, Statutes of 2001.
18. The balance of unencumbered funds appropriated in subdivision (h) of Provision 7 of Item

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- 6110-001-0890 of the Budget Act of 2000 (Ch. 52, Stats. 2000) shall remain available to the office of the Legislative Analyst for the purpose of providing an evaluation of charter schools pursuant to Chapter 34 of the Statutes of 2000.
19. Of the funds appropriated in this item, \$752,000 shall be available for costs associated with the administration of the High Priority Schools Grant Program pursuant to Article 3.5 of Chapter 6.1 (commencing with Section 52055.600) of Part 28 of the Education Code and the Immediate Intervention/Underperforming Schools Program pursuant to Article 3 of Chapter 6.1 (commencing with Section 52053) of Part 28 of the Education Code.
  20. Of the funds appropriated in this item, \$413,000 shall be available for the development and implementation of corrective action plans and sanctions pursuant to federal law.
  21. Of the funds appropriated in this item, up to \$300,000 is for a departmental review to determine what data would meet the federal reporting requirements as set forth in paragraph (3) of subdivision (C) of Section 4112 of the No Child Left Behind Act (P.L. 107-110). The department shall consider limiting the reporting of offenses to those which either (a) require suspension or expulsion from school pursuant to the Education Code, or (b) must be reported to local enforcement authorities pursuant to Section 48902 of the Education Code. In conducting its review, the department shall convene a new advisory panel of up to 12 members that includes representatives with expertise in school discipline policy, antiviolence counseling, and law enforcement; representatives from school districts; and representatives from legislative offices and the Department of Finance. In its review, the department shall consider changes that are necessary or advisable as a result of changes in federal law that affect school crime reporting, and shall limit its recommendations to those changes eligible for the receipt and expenditure of federal funds or that could result in saving state funds. On or before March 1, 2003, the department shall report its recommendations to the Legisla-

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	ture and the Department of Finance, including any recommended changes to state law.
22.	Of the funds appropriated in this item, \$400,000 shall be used solely for the purposes of funding an interagency agreement with the Department of Finance to fund a study to determine the cost of a potential Special Education Behavior Intervention mandate.
23.	Of the funds appropriated in this item, \$300,000 shall be provided to fund a new study of the Special Disabilities Adjustment pursuant to Chapter 854 of the Statutes of 1997 (AB 602). Notwithstanding any other provision of law, the Department of Education shall contract to perform the followup study to update the incidence multipliers required by subdivision (f) of Section 56836.155 of the Education Code. This study shall include an examination of how the incidence multiplier affects the special education funding model and recommendations regarding the necessity of continuing to adjust the funding formula. Before entering into the contract, the Department of Education shall consider the advice of the Department of Finance and the Legislative Analyst regarding specific scope and design, and anticipated cost, of the study. On or before March 1, 2003, the Department of Education shall submit to the Legislature the results of this study.
24.	Of the funds appropriated in this item, \$500,000 shall be for the training and certification of deaf and hard-of-hearing interpreters. Of this amount, \$250,000 shall be provided to districts for interpreter instruction, training, and certification. This funding shall be annually renewable for two years, pursuant to Department of Finance approval of an annual progress report, which shall be completed by April 30 of each year, beginning in 2003. The remaining \$250,000 provided pursuant to this provision is provided on a one-time basis, and shall be used to support a contract with a community college to establish a distance learning Interpreter Training Program for rural areas.
27.	Of the funds appropriated in this item, \$1,373,000 is for administration of the Reading First Program. Of this amount, \$873,000 is to re-

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<ul style="list-style-type: none"> <li>direct 6.0 staff to assist in program administration, and \$500,000 is for the department to contract for annual evaluations of program effectiveness.</li> </ul>	
<ul style="list-style-type: none"> <li>29. Of the amount appropriated in this item, \$500,000 is provided to continue an evaluation of the Public Schools Accountability Act, as established by Chapter 6.1 (commencing with Section 52050) of Part 28 of the Education Code.</li> </ul>	
<ul style="list-style-type: none"> <li>30. Of the appropriated funds in this item, \$250,000 is for the department to begin development of a comprehensive strategy to address data reporting requirements associated with the No Child Left Behind Act (P.L. 107-110), and to establish 2.0 positions to assist with this task.</li> </ul>	
6110-001-0975—For support of Department of Education, Program 20.40.040-Library and Learning Resources, payable from the California Public School Library Protection Fund.....	15,000
Provisions: <ul style="list-style-type: none"> <li>1. Subject to the conditions of Article 6 (commencing with Section 18175) of Chapter 2 of Part 6 of the Education Code, and based on increases in the funds deposited in the California Public School Library Protection Fund, the appropriation made in this item may be increased subject to the approval of the Department of Finance.</li> </ul>	
6110-003-0001—For support of Department of Education, Program 20.30.020-Instructional Support, Standardized Account Code Structure .....	983,000
Provisions: <ul style="list-style-type: none"> <li>1. The funds appropriated in this item shall be used only for the direct costs to administer the Standardized Account Code Structure program, pursuant to Education Code Section 42103.3, to assist any school district or county office of education in financial distress or bankruptcy, to make available standard fiscal, demographic, and performance data to policy decisionmakers, and for indirect costs for those programs at the rate approved by the United States Department of Education.</li> </ul>	
6110-005-0001—For support of Department of Education, as allocated by the Department of Education to the State Special Schools, Program 10.60.040 .....	29,773,000
Schedule: <ul style="list-style-type: none"> <li>(1) 10.60.040-Instruction..... 30,360,000</li> </ul>	

Item	Amount
(a) 10.60.040.001- School for the Blind, Fremont.....	4,217,000
(b) 10.60.040.002- School for the Deaf, Fremont .....	14,237,000
(c) 10.60.040.003- School for the Deaf, Riverside .....	11,906,000
(2) Reimbursements.....	-587,000
Provisions:	
1. The State Special Schools for the Deaf in Fremont and Riverside and the State Special School for the Blind in Fremont shall provide a four-week extended session.	
2. Of the amount appropriated in this item, up to \$13,000 is provided for payment of energy service contracts in connection with the issuance of Energy Conservation Efficiency Revenue Bonds.	
6110-006-0001—For support of Department of Education (Proposition 98), as allocated by the Department of Education to the State Special Schools.....	34,292,000
Schedule:	
(1) 10.60.040-Instruction, State Special Schools.....	39,186,000
(a) 10.60.040.001- School for the Blind, Fremont.....	5,006,000
(b) 10.60.040.002- School for the Deaf, Fremont.....	13,596,000
(c) 10.60.040.003- School for the Deaf, Riverside .....	11,424,000
(d) 10.60.040.007-Di- agnostic Centers.....	9,160,000
(2) Reimbursements.....	-4,761,000
(3) Amount payable from the California State Lottery Education Fund (Item 6110-006-0814).....	-133,000
Provisions:	
1. On or before September 15 of each year, the superintendent of each State Special School shall report to each school district the number of pupils from that district who are attending a State Special School and the estimated payment due on behalf of the district for those pupils pursuant to	

Item	Amount
<p>Section 59300 of the Education Code. The Controller shall withhold from the State School Fund in the first principal apportionment of that fiscal year the amount due from each school district, as reported to the Controller by the Superintendent of Public Instruction. The amount withheld shall be transferred from the State School Fund to this item. The Superintendent of Public Instruction is authorized to adjust the estimated payments required after the close of the fiscal year by reporting to the Controller the information needed to make the adjustment. The payments by the Controller that result from this yearend adjustment shall be applied to the current year.</p>	
<p>2. The State Special Schools for the Deaf in Fremont and Riverside and the State Special School for the Blind in Fremont shall provide a four-week extended session.</p>	
<p>6110-006-0814—For support of Department of Education, for payment to Item 6110-006-0001, payable from the California State Lottery Education Fund... Provisions:</p>	133,000
<p>1. All funds received pursuant to Chapter 12.5 of Division 1 of Title 2 of the Government Code that are allocable to the State Special Schools pursuant to Section 8880.5 of the Government Code, and, that are in excess of the amount appropriated in this item, are hereby appropriated in augmentation of this item.</p>	
<p>6110-007-0001—For support of Department of Education, Program 20.20.010-Instructional Materials Management and Distribution—Curriculum Frameworks and Instructional Materials..... Provisions:</p>	106,000
<p>1. Funds appropriated by this item shall be used only for direct costs to conduct biennial state adoptions of basic instructional materials pursuant to Section 60200 of the Education Code and for indirect costs for that purpose at the rate approved by the United States Department of Education.</p>	
<p>6110-008-0001—For support of Department of Education, as allocated by the Department of Education to the State Special Schools for student transportation allowances, Program 10.60.040 .....</p>	1,402,000
<p>Provisions: 1. Funds appropriated in this item are in lieu of funds that otherwise would be transferred from</p>	

Item	Amount
the General Fund to Section A of the State School Fund in accordance with Sections 14007 and 41301.5 of the Education Code.	
6110-013-0001—For support of Department of Education, Program 10.10-Audit Resources .....	245,000
Provisions:	
1. The funds appropriated in this item shall be used only for the direct costs of the contracts for audits.	
2. Notwithstanding any other provision of law, no funds shall be expended from this item without prior approval in writing from the Department of Finance.	
6110-015-0001—For support of Department of Education, Program 20.20.020-Instructional Materials Management and Distribution .....	393,000
Provisions:	
1. Funds appropriated in this item are for transfer by the Controller to the State Instructional Materials Fund, for allocation during the 2002–03 fiscal year pursuant to Article 3 (commencing with Section 60240) of Chapter 2 of Part 33 of the Education Code. These funds shall be transferred in amounts claimed by the Department of Education, for direct disbursement by the Department of Education from the State Instructional Materials Fund.	
6110-021-0001—For support, Department of Education, Program 30.20.005-Child Nutrition—Nutrition Education Projects .....	468,000
6110-101-0231—For local assistance, Department of Education, Program 20.10.045-Instructional Support, Curriculum Services—Health and Physical Education—Drug Free Schools, for county offices of education, payable from the Health Education Account, Cigarette and Tobacco Products Surtax Fund .....	3,800,000
6110-101-0349—For local assistance, Department of Education, Program 20.90-Instructional Support, for allocation to the Fiscal Crisis and Management Assistance Team for the purpose of administering the California School Information Services program, payable from the Educational Telecommunication Fund .....	7,000,000
Provisions:	
1. Notwithstanding Section 10554 of the Education Code, the Controller shall transfer from the Gen-	



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Amount

eral Fund the actual amount certified by the Superintendent of Public Instruction as reductions made to apportionments in the 2002–03 fiscal year for repayments of prior year excess apportionments identified pursuant to:

- (1) Repayments made pursuant to Chapter 789 of the Statutes of 1997.
- (2) Other audit settlements for excess apportionments identified as a result of audits, investigations, or inquiries.

- 2. Notwithstanding any other provision of law, if there are insufficient funds in the Educational Telecommunication Fund to meet the operational needs of the local California School Information Services (CSIS) project, the CSIS project’s Chief Operating Officer shall notify the Department of Finance by providing an expenditure plan detailing the amount he or she projects will be required to meet those needs. The Department of Finance shall notify the Chairperson of the Joint Legislative Budget Committee, or his or her designee, of its intent to request that the Controller transfer the amount projected to be required to meet the projected operational needs of the local CSIS project from Item 6110-140-0001 into the Educational Telecommunication Fund for allocation pursuant to this item. The Controller shall transfer those funds not sooner than 30 days after this notification.

6110-101-0814—For local assistance, Department of Education, Program 10.10-School Apportionment, for allocation by the Controller in accordance with Section 8880.5 of the Government Code as enacted by the voters in Proposition 37 at the November 1984 general election, payable from the California State Lottery Education Fund..... 812,694,000

Provisions:

- 1. All funds received pursuant to Chapter 12.5 of Division 1 of Title 2 of the Government Code that are allocable to local education agencies that serve pupils in kindergarten or any of grades 1 to 12, inclusive, pursuant to Section 8880.5 of the Government Code, and that are in excess of the amount appropriated in this item, are hereby appropriated in augmentation of this item.

Item	Amount
6110-101-0975—For local assistance, Department of Education, Program 20.40.040-Library and Learning Resources, payable from the California Public School Library Protection Fund .....	345,000
Provisions:	
1. Subject to the conditions of Article 6 (commencing with Section 18175) of Chapter 2 of Part 11 of the Education Code, and based on increases in the funds deposited in the California Public School Library Protection Fund, the appropriation made in this item may be increased subject to the approval of the Department of Finance.	
6110-102-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund .....	10,000,000
Provisions:	
1. The funds appropriated in this item shall be used to provide grants to charter schools that operate in low-income attendance areas for facilities-related expenses pursuant to Section 3 of Chapter 892 of the Statutes of 2001. The funds appropriated are intended to be offset by reductions to charter school funding as specified in the legislation, including, but not limited to, provisions pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4 of Title 2 of the Education Code or Section 47613.1 of the Education Code.	
6110-102-0231—For local assistance, Department of Education, Program 20.10.045-Instructional Support, Curriculum Services Health and Physical Education, Drug Free Schools, for local assistance, payable from the Health Education Account, Cigarette and Tobacco Products Surtax Fund .....	23,244,000
Provisions:	
1. On or before June 1, 2003, the State Department of Education shall report to the Joint Legislative Budget Committee on the amount of Tobacco-Use Prevention Education funds that it intends to transfer from the competitive grades 9–12 program to the formula grades 4–8 program in the 2002–03 fiscal year.	
6110-102-0890—For local assistance, Department of Education, Program 20.60.038-Learn and Serve America Program, payable from the Federal Trust Fund .....	2,616,000

Item	Amount
6110-103-0001—For local assistance, Department of Education (Proposition 98), Program 10.10.001.005-School Apportionments for transfer to Section A of the State School Fund, for the purposes of Section 8152 of the Education Code.....	15,852,000
Provisions:	
1. Notwithstanding Section 8154 of the Education Code, or any other provision of law, the funds appropriated in this item shall be the only funds available for and allocated by the Superintendent of Public Instruction for the apprentice programs operated by school districts and county offices of education.	
2. Notwithstanding Section 8152 of the Education Code, each 60-minute hour of teaching time devoted to each indentured apprentice enrolled in and attending classes of related and supplemental instruction as provided under Section 3074 of the Labor Code shall be reimbursed at the rate of \$4.86 per hour. For purposes of this provision, each hour of teaching time may include up to 10 minutes for passing time and breaks.	
3. No school district or county office of education shall use funds allocated pursuant to this item to offer any new or expanded apprentice program unless the program has been approved by the Superintendent of Public Instruction.	
4. The Superintendent of Public Instruction shall report to the Department of Finance and the Legislature not later than February 1, 2003, on the amount of funds expended for and the hours of related and supplemental instruction offered in the apprentice program during the 2001–02 fiscal year, with information to be provided by the school district, county office of education, program sponsor, and trade. Expenditure information shall distinguish between direct and indirect costs, including administrative costs funded for the State Department of Education, school districts, and county offices of education. In addition, the report shall identify the hours of related and supplemental instruction proposed for the 2001–02 and 2002–03 fiscal years by the school district, county office of education, program sponsor, and trade. As a condition of receiving funds for the apprenticeship program, school districts and county offices of education and regional oc-	

Item	Amount
cupational centers and programs shall report to the Superintendent of Public Instruction the information necessary for the completion of this report.	
5. Notwithstanding Article 8 (commencing with Section 8150) of Chapter 1 of Part 6 of the Education Code, or any other provision of law, the total number of hours eligible for state reimbursement in apprentice programs operated by school districts and county offices of education shall be limited to an amount equal to the amount of the total appropriation made in this item divided by the hourly rate specified in Provision 2. The Superintendent of Public Instruction shall have the authority to determine which apprentice programs, and which hours offered in those programs, are eligible for reimbursement.	
6110-103-0890—For local assistance, Department of Education, Program 41.20.030.003-Robert C. Byrd Honors Scholarship Program, payable from the Federal Trust Fund .....	5,101,000
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 .....	449,726,000
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.....	171,180,000
(2) 10.10.011.009-School Apportionments, for Supplemental Instruction, Retained, Recommended for Retention, or At-Risk of Retention, Grades 2–9, for the purposes of Section 37252.2 or 37252.5 of the Education Code, as applicable .....	49,676,000
(3) 10.10.011.010-School Apportionments, for Supplemental Instruction, Low STAR, or at-risk, Grades 2–6, for the purposes of Section 37252.6 or 37252.8 of the Education Code, as applicable .....	17,911,000

Item		Amount
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- (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 .....210,959,000

Provisions:

- 1. Notwithstanding any other provision of law, for the 2002-03 fiscal year the Superintendent of Public Instruction shall allocate a minimum of \$7,395 for supplemental summer school programs in each school district for which the prior fiscal year enrollment was less than 500 and that, in the 2002-03 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. Of the funds appropriated in this item, \$8,820,000 is for the purpose of providing a cost-of-living adjustment (COLA) of 2.00 percent. Additionally, \$5,958,000 is provided for the purpose of providing for increases in average daily attendance at a rate of 1.37 percent for supplemental instruction and remedial programs, in lieu of the amount that would otherwise be provided pursuant to any other provision of law.
- 4. Notwithstanding any other provision of law, the rate of reimbursement shall be \$3.45 per hour of supplemental instruction.

6110-105-0001—	For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund for the purposes of Article 1 (commencing with Section 52300) of Chapter 9 of Part 28 of the Education Code .....	373,181,000
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Schedule:

- (1) 10.10.004-Instruction Program—  
School Apportionments, Regional  
Occupational Centers and  
Programs .....380,498,000
- (2) Reimbursements..... -7,317,000

Item	Amount
Provisions:	
1. Notwithstanding any other provision of law, the funds appropriated in this item are for transfer by the Controller to Section A of the State School Fund, in lieu of the amount that otherwise would be appropriated for transfer from the General Fund in the State Treasury to Section A of the State School Fund for the 2002–03 fiscal year pursuant to Sections 14002 and 14004 of the Education Code, in an amount as needed for apportionment pursuant to Article 1 (commencing with Section 52300) of Chapter 9 of Part 28 of the Education Code.	
2. Funds appropriated in this item shall be apportioned by the Superintendent of Public Instruction pursuant to Article 1.5 (commencing with Section 52335) of Chapter 9 of Part 28 of the Education Code.	
3. Because Chapter 482 of the Statutes of 1984 was chaptered after Chapter 268 of the Statutes of 1984, the Legislature’s intent regarding the eligibility of regional occupational centers and programs for incentive funding for a longer instructional year under Section 46200 of the Education Code was not carried out. It is the intent of the Legislature that regional occupational centers and programs not be eligible for that incentive funding. <p style="margin-left: 40px;">Notwithstanding any other provision of law, the funds appropriated in this item may not be expended for the purposes of providing or continuing incentive funding for a longer instructional year pursuant to Section 46200 of the Education Code.</p>	
4. Notwithstanding any other provision of law, funds appropriated in this item for average daily attendance (ADA) generated by participants in welfare-to-work activities under the CalWORKs program established in Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code may be apportioned on an advance basis to local education agencies based on anticipated units of ADA if a prior application for this additional ADA funding has been approved by the Superintendent of Public Instruction.	

Item	Amount
5. Of the amount appropriated in this item, \$1,161,000 is to fund remedial education services for participants in welfare-to-work activities under the CalWORKs program.	
6. Of the funds appropriated in this item, \$5,833,000 is provided for increases in average daily attendance at a rate of 1.62 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$7,317,000 is for the purpose of providing a cost-of-living adjustment at a rate of 2.00 percent.	
6110-106-0001—For local assistance, Department of Education (Proposition 98), for transfer by the Controller to Section A of the State School Fund, Program 20.30, West Contra Costa Facilities Payment .....	800,000
Provisions:	
1. For allocation to the West Contra Costa Unified School District as specified by paragraph (1) of subdivision (a) of Education Code Section 41329.	
6110-107-0001—For local assistance, Department of Education (Proposition 98), Program 10.10-County Offices of Education Fiscal Oversight .....	10,723,000
Schedule:	
(1) 10.10.002-COE Oversight.....	5,000,000
(2) 10.10.005-FCMAT .....	2,548,000
(3) 10.10.012-FCMAT: CSIS.....	250,000
(4) 10.10.013-Audit Appeal Panel .....	75,000
(5) 10.10.015-Interim Reporting .....	1,150,000
(6) 10.10.016-Staff Development.....	700,000
(7) 10.10.022-District Hiring Practices.	1,000,000
Provisions:	
1. The funds appropriated in Schedule (1) of this item are for the purposes provided in paragraph (1) of subdivision (a) of Section 29 of Chapter 1213 of the Statutes of 1991 and subsequent legislation.	
2. Funds contained in Schedule (1) may be used for activities including, but not limited to, conducting reviews, examinations, and audits of districts and providing written notifications of the results at least annually by county offices of education on the fiscal solvency of the districts with disapproved budgets, qualified or negative certifications, or, pursuant to Section 42127.6 of the Education Code, districts facing fiscal uncertainty.	

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- Written notifications of the results of these reviews, audits, and examinations shall be provided at least annually to the district governing board, the Superintendent of Public Instruction, the Director of Finance, and the Office of the Secretary for Education.
3. Of the funds appropriated in Schedule (2) of this item:
    - (a) \$2,000,000 shall be allocated by the Controller directly to a county office of education, selected pursuant to subdivision (a) of Section 42127.8 of the Education Code to oversee Fiscal Crisis and Management Assistance Team (FCMAT) responsibilities with respect to these funds, to meet the costs of participation under Section 42127.8 of the Education Code.
    - (b) \$418,000 shall be allocated to FCMAT for the purpose of providing, through computer technology, financial and demographic information that is interactive and immediately accessible to all local education agencies to assist them in their decisionmaking process. To ensure a completely integrated system, this computer information should be developed in collaboration with the State Department of Education, and should be compatible with the hardware and software of the State Department of Education, so that this information may also assist state level policymakers in making comparable standardized financial information available to the local education agencies and the public.
    - (c) \$130,000 shall be used for evaluation of the Compton Unified School District and for any other specified duties, pursuant to Chapter 767 of the Statutes of 1997.
  4. Of the funds appropriated in Schedule (3) of this item, \$250,000 shall be available to the FCMAT to pay for project management services for CSIS. These funds shall be used to supplement and not supplant other CSIS funds available for project management services.
  5. The funds appropriated in Schedule (5) of this item are for the increased responsibility of county offices of education for oversight of school districts with audit exceptions, districts with quali-



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- fied or negative interim reports, districts that may be unable to meet financial obligations for the current or subsequent two years, or districts with disapproved budgets, as provided under Chapter 924 of the Statutes of 1993. These funds may also be used to reimburse county office of education activities for extraordinary costs of audits, examinations, or reviews of district budgets in cases where fraud, misappropriation of funds or other illegal fiscal practices require COE review, pursuant to Section 2 of Chapter 620 of the Statutes of 2001. Allocation of such funds shall be administered by the Fiscal Crisis and Management Assistance Team (FCMAT) on a reimbursement basis and all reimbursements shall be subject to the approval of both the Department of Finance and the State Department of Education.
6. The amount appropriated in Schedule (5) shall be available for expenditure for the 2002–03 and 2003–04 fiscal years. Any unexpended balance as of September 1, 2003, shall be available through July 30, 2004, for staff development purposes, pursuant to Provision 6 of this item.
  7. Of the funds appropriated in Schedule (6) of this item, \$500,000 is for the purpose of providing staff development to local education agency school finance and business personnel, as provided in Section 42127.8 of the Education Code. The funds appropriated in Schedule (6) shall be allocated by the Controller directly to a county office of education selected pursuant to subdivision (a) of Section 42127.8 of the Education Code to oversee FCMAT's responsibilities with respect to these funds. \$200,000 of the funds appropriated in Schedule (6), is for the purpose of providing training that shall be developed and facilitated pursuant to Section 42127.8 of the Education Code to increase school district and school-level capacity to implement and manage site-based budgeting and decisionmaking governance structures.
  8. The funds appropriated in this item shall be allocated in accordance with the above schedule unless a revision to the allocations contained herein has been approved by the Department of Finance. The Department of Finance may not authorize any such revision sooner than 30 days after notification in writing of the necessity therefor to the

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chairperson of the committee in each house that considers 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.

- 9. The funds appropriated in Schedule (4) of this item are for the additional staff and resources needed for FCMAT to ensure that timely resolution of audit findings is achieved pursuant to the directives of Education Code Section 41344.
- 10. The funds contained in Schedule (7) of this item shall be for allocation to a county office of education, selected pursuant to subdivision (a) of Section 42127.8 of the Education Code to oversee FCMAT responsibilities, for the purpose of reviewing school district hiring practices pursuant to Section 42127.85 of the Education Code.
- 11. Notwithstanding any other provision of law, funds appropriated in Schedules (1), (2), (4), (5), (6), and (7), of this item to a county office of education, selected pursuant to subdivision (a) of Section 42127.8 of the Education Code to oversee FCMAT responsibilities, shall be allocated by the State Controller directly to that county office of education as soon as possible but no later than 60 days after the enactment of the Budget Act. Funds appropriated in this item shall not be subject to grant allocation or review processes on the part of the State Department of Education nor the Superintendent of Public Instruction. The county office of education that receives these funds shall annually provide a report detailing past year expenditures, identifying the local education agencies (LEA) assisted with these funds and a summary of progress for each. Additionally, the report shall identify a plan for the proposed uses of the allocations in this item, identifying estimated expenditures for each LEA anticipated to be served. This report shall be submitted to the Department of Education and to the Department of Finance by October 1, 2002.

6110-108-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 20.60.020.200-Tenth Grade Counseling pursuant to Section 48431.7 of the Education Code .....

11,443,000

Item	Amount
Provisions:	
1. Of the funds appropriated in this item, \$300,000 is for the purpose of providing an adjustment for increases in enrollment at a rate of 2.75 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, a 2.00 percent COLA is provided to increase the rate to \$25.28 per 10th grade enrollment.	
6110-110-0001—For local assistance, Department of Education, (Proposition 98) Program 20.80.001—Instructional Support, Student Friendly Services.....	500,000
6110-111-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Home to School Transportation, pursuant to Article 10 (commencing with Section 41850) of Chapter 5 of Part 24 of the Education Code and Small School District Transportation, pursuant to Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of the Education Code .....	524,199,000
Schedule:	
(1) 10.10.006-Pupil Transportation .....	519,641,000
(2) 10.10.008-Small School District Bus Replacement .....	4,558,000
Provisions:	
1. Of the funds appropriated in this item, \$6,946,000 is for the purpose of providing an adjustment for increases in average daily attendance at a rate of 1.37 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$10,279,000 is for the purpose of providing a cost-of-living adjustment at a rate of 2.00 percent.	
6110-112-0001—For local assistance, Department of Education (Proposition 98), for transfer by the Controller to Section A of the State School Fund, Program 20.60.017-Instructional Time and Staff Development Reform Program.....	229,667,000
Provisions:	
1. The funds appropriated in this item are available for the purposes of the Instructional Time and Staff Development Reform Program established by Article 7.5 (commencing with Section 44579) of Chapter 3 of Part 25 of the Education Code.	

Item	Amount
2. Of the funds appropriated in this item, \$4,518,000 is for the purpose of providing a cost-of-living adjustment at a rate of 2.00 percent for the Instructional Time and Staff Development Reform Program, in lieu of the amount that would otherwise be provided pursuant to statute, resulting in a daily rate of \$299.29 for teachers and \$155.18 for classified paraprofessionals.	
3. It is the intent of the Legislature to fund deficiencies that may result in this program during the 2002–03 fiscal year.	
6110-112-0890—For local assistance, Department of Education, Program 20.60.036-Public Charter Schools, payable from the Federal Trust Fund .....	22,853,000
6110-113-0001—For local assistance, Department of Education (Proposition 98), for purposes of California’s pupil testing program.....	65,958,000
Schedule:	
(1) 20.70.030.001-Golden State Examination .....	15,443,000
(2) 20.70.030.004-Career Technical Assessment .....	871,000
(3) 20.70.030.005-Assessment Review and Reporting .....	3,913,000
(4) 20.70.030.006-STAR Program .....	15,827,000
(5) 20.70.030.007-English Language Development Assessment .....	4,437,000
(6) 20.70.030.008-High School Exit Examination.....	18,267,000
(7) 20.70.030.009-Test Development: STAR Exam .....	8,000,000
(8.5) 20.70.030.015-California High School Proficiency Exam .....	750,000
(9) Reimbursements.....	-750,000
Provisions:	
1. The funds appropriated in this item shall be for the pupil testing programs authorized by Chapter 5 (commencing with Section 60600), Chapter 7 (commencing with Section 60810), and Chapter 8 (commencing with Section 60850) of Part 33 of the Education Code.	
2. The funds appropriated in Schedule (4) include funds for primary language tests administered pursuant to Article 4 (commencing with Section 60640) of Chapter 5 of Part 33 of the Education Code.	

Item	Amount
<ul style="list-style-type: none"> <li>3. The funds appropriated in Schedule (5) shall be available for administration of an English language development test meeting the requirements of Chapter 7 (commencing with Section 60810) of Part 33 of the Education Code.</li> <li>4. The funds appropriated in Schedule (6) include funds for the administration of the HSEE pursuant to Chapter 8 (commencing with Section 60850) of Part 33 of the Education Code.</li> <li>5. Of the funds appropriated in this item, \$268,000 is for the purpose of providing an adjustment for increases in enrollment at a rate of 1.37 percent and \$608,000 is for the purpose of providing a cost-of-living adjustment at a rate of 2.00 percent.</li> <li>6. The funds appropriated in Schedule (7) shall be available for test item development for the STAR program during the 2002–03 fiscal year. The test items developed with these funds shall make progress in aligning this exam with the State Board of Education-approved academic content standards and in ensuring that this exam is valid and reliable as measured by industry standards.</li> <li>8. It is the intent of the Legislature that the State Department of Education develop a plan to streamline existing programs to eliminate duplicative tests and minimize the instructional time lost to test administration. The State Department of Education shall ensure that all statewide tests meet industry standards for validity and reliability.</li> <li>9. The State Board of Education shall annually establish the amount of funding to be apportioned to school districts for the English Language Development Assessment and the High School Exit Examination. The amount of funding to be apportioned per test shall not be valid without the approval of the Department of Finance.</li> </ul>	
<p>6110-113-0890—For local assistance, Department of Education-Title VI Flexibility and Accountability, payable from the Federal Trust Fund.....</p> <p>Provisions:</p> <ul style="list-style-type: none"> <li>1. Of the funds appropriated in this item, \$1,445,000 is available for the continued development of the Alternative Schools Accountability Model to include alternative schools within the state’s system of accountability. Of the total, \$670,000 is provided on a one-time basis.</li> </ul>	28,794,000

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2.	Of the funds appropriated in this item, \$500,000 is available on a one-time basis to develop training materials and provide technical assistance to schools regarding statewide standards and assessments for pupils with disabilities.
5.	Of the funds appropriated in this item, \$2,000,000 is available on a one-time basis for the English Language Development Test.
6.	Of the funds appropriated in this item, \$300,000 is provided to develop assessment data collection and editing software to improve pupil demographic information collection on the statewide assessments.
8.	Of the funds appropriated in this item, \$831,000 is to provide an adjustment for increases in enrollment at a rate of 1.37 percent and \$1,020,000 is to provide a cost-of-living adjustment at a rate of 1.66 percent for the Standardized Testing and Reporting (STAR) Program.
9.	Of the funds appropriated in this item, \$5,600,000 is provided as incentive funding to increase the per-pupil district apportionment for the English Language Development Test to \$5 per pupil. As a condition of receiving these funds, school districts must agree to provide information determined to be necessary to comply with the data collection and reporting requirements of the No Child Left Behind Act of 2001 (P.L. 107-110) regarding English language learners by the State Department of Education with approval by the State Board of Education.
10.	Of the funds appropriated in this item, \$4,218,000 is provided for activities related to Standardized Testing and Reporting Program.
11.	Of the funds appropriated in this item, \$6,880,000 is for the establishment of a longitudinal database, and for data collection requirements of the No Child Left Behind Act of 2001 (P.L. 107-110), pursuant to legislation enacted in the 2001–02 Regular Session. The Department of Finance may transfer funds provided pursuant to this provision to Item 6110-001-0890 to provide the State Department of Education necessary resources to meet the data collection requirements of P.L. 107-110.

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12. Of the funds appropriated in this item, \$1,500,000 shall be available to implement a comprehensive data collection plan to address the data reporting requirements of the No Child Left Behind Act of 2001 (P.L. 107-110) subject to approval by the Department of Finance. The State Board of Education and the Superintendent of Public Instruction may not adopt or amend any plan for the expenditure of these funds pursuant to P.L. 107-110 except upon advance notice to the chairs of the fiscal and policy committees that consider education and appropriations in both houses of the Legislature and the Chair of the Joint Legislative Budget Committee. Advance notice shall be 30 days if the plan for the expenditure is submitted between January 1 and August 30 of the year, and advance notice shall be 45 days if the plan for the expenditure is submitted between September 1 and December 31 of the year. The Department of Finance may transfer funds provided pursuant to this provision to Item 6110-001-0890 to provide the State Department of Education necessary resources to meet the data collection requirements of P.L. 107-110.
13. Of the funds appropriated in this item, \$3,700,000 is for developing the state's system of assessments and is available for encumbrance only upon prior approval by the Department of Finance of an expenditure plan submitted by the State Department of Education, detailing the proposed use of this funding. The State Board of Education and the Superintendent of Public Instruction may not adopt or amend any plan for the expenditure of these funds pursuant to P.L. 107-110 except upon advance notice to the chairs of the fiscal and policy committees that consider education and appropriations in both houses of the Legislature and the Chair of the Joint Legislative Budget Committee. Advance notice shall be 30 days if the plan for the expenditure is submitted between January 1 and August 30 of the year, and advance notice shall be 45 days if the plan for the expenditure is submitted between September 1 and December 31 of the year. The Department of Finance may trans-

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fer funds provided pursuant to this provision to Item 6110-001-0890 to provide the State Department of Education necessary resources to meet the data collection requirements of P.L. 107-110.	
6110-117-0001—For local assistance, State Department of Education, Program 10.70-Vocational Education, in lieu of the amount that otherwise would be appropriated pursuant to subdivision (b) of Section 19632 of the Business and Professions Code .....	562,000
Provisions:	
1. Of the funds appropriated in this item, \$50,000 shall be available to contract with the California Association of Student Councils for the purpose of providing leadership development and training to pupils in grades 3 to 12, inclusive.	
6110-119-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 20.40.060-Educational Services for Foster Youth pursuant to Chapter 11.3 (commencing with Section 42920) of Part 24 of the Education Code .....	8,752,000
Provisions:	
1. Of the funds appropriated in this item, \$116,000 is for the purpose of providing an adjustment for increases in average daily attendance at a rate of 1.37 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$172,000 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 2.00 percent.	
6110-119-0890—For local assistance, Department of Education, for Title I Program for Neglected and Delinquent Children, Payable from the Federal Trust Fund .....	4,320,000
6110-120-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund Program 20.40.100-Pupil Dropout Prevention Programs established pursuant to Article 6 (commencing with Section 52890) and Article 7 (commencing with Section 52900) of Chapter 12 of Part 28, Article 7 (commencing with Section 54720) of Chapter 9 of Part 29, and Chapter 3.5 (commencing with Section 58550) of Part 31 of, the Education Code .....	21,886,000



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## Provisions:

1. The following provisions apply to pupil dropout prevention programs receiving funds pursuant to this item:
  - (a) Prior to hiring an outreach consultant with funds appropriated in this item, a school or school district shall have adopted a plan, that includes a statement describing the specific duties of the outreach consultant and that has been approved by the Superintendent of Public Instruction. This duty statement shall require that the outreach consultant perform only activities that directly benefit "high-risk pupils" as defined in subdivision (c) of Section 54721 of the Education Code. Each outreach consultant shall receive no more than \$51,732 as annual compensation.
  - (b) A school district or any school receiving funds for outreach consultants in schools with motivation and maintenance plans developed in accordance with Article 7 (commencing with Section 54720) of Chapter 9 of Part 29 of the Education Code, shall collect and report data to the Superintendent of Public Instruction on pupil dropouts, together with any other data deemed necessary by the superintendent for the evaluation of motivation and maintenance programs. The data shall be reported in a format to be determined by the superintendent. Whenever feasible, the superintendent shall collect this data through the California Basic Educational Data System (CBEDS).
  - (c) Notwithstanding the schedule set forth in Section 58554 of the Education Code, (1) the maximum fee for an initial diagnosis prepared by an educational clinic under the terms of the contract entered into pursuant to Section 58553 or 58553.5 of the Education Code shall not exceed \$106.14 and may be expended for outreach and pupil and family counseling in addition to the initial diagnosis of entering pupils, and (2) the maximum fee for each instructional hour or fee for additional diagnosis provided under the terms of a contract entered into pursuant to Section 58553 or

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58553.5 of the Education Code shall not exceed \$7.12 per hour.	
2. Of the funds appropriated in this item, \$290,000 is for the purpose of providing an adjustment for increases in average daily attendance at a rate of 1.37 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$429,000 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 2.00 percent.	
6110-122-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 20.40.090-Specialized Secondary Programs, pursuant to Chapter 6 (commencing with Section 58800) of Part 31 of the Education Code .....	5,136,000
Provisions:	
1. Of the funds appropriated in this item, \$1,500,000 shall be allocated to Specialized Secondary Programs established pursuant to Chapter 6 (commencing with Section 58800) of Part 31 of the Education Code prior to the 1991–92 fiscal year that operate in conjunction with the California State University.	
2. Of the funds appropriated in this item, \$68,000 is for the purpose of providing an adjustment for increases in average daily attendance at a rate of 1.37 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$101,000 is for the purpose of providing a cost-of-living adjustment at a rate of 2.00 percent.	
6110-123-0001—For local assistance, Department of Education (Proposition 98), for implementation of the Public Schools Accountability Act, pursuant to Chapter 6.1 (commencing with Section 52050) of Part 28 of the Education Code .....	484,555,000
Schedule:	
(1) 20.60.030.031-Immediate Intervention/Underperforming Schools Program.....	184,555,000
(2) 20.60.030.032-High Achieving/Improving Schools Program .....	77,000,000

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(3)	20.60.030.034-Low-Performing Schools.....	217,000,000
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(4)	20.00.030.036—Corrective Actions Provisions:	6,000,000
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1. Funds appropriated in Schedule (1) are provided solely for the purpose of implementing the Immediate Intervention/Underperforming Schools Program, pursuant to Article 3 of Chapter 6.1 (commencing with Section 52053) of Part 28 of the Education Code. These funds are to fully fund implementation grants for the first, second, and third cohorts of schools that received planning grants under the program during the 1999–00, 2000–01, and 2001–02 fiscal years.
2. Funds appropriated in Schedule (2) are provided solely for the purpose of implementing the Governor’s High Achieving/Improving Schools Program for the 2001–02 fiscal year, pursuant to Article 4 (commencing with Section 52056) of Chapter 6.1 of Part 28 of the Education Code.
3. Funds appropriated in Schedule (3) are provided solely for the purpose of implementing the High Priority Schools Grant Program for Low-Performing Schools, pursuant to Article 3.5 of Chapter 6.1 (commencing with Section 52055.600) of Part 28 of the Education Code.
4. Pursuant to legislation enacted during the 2001–02 Regular Session, the funds appropriated in Schedule (4) shall, upon approval by the State Board of Education, be available to support schools working with School Assistance and Intervention Teams or schools subject to state or federal sanctions by the Superintendent of Public Instruction as part of the Immediate Intervention/Underperforming Schools Program or No Child Left Behind (P.L. 107-110). To the extent necessary to fully fund the Immediate Intervention/Underperforming Schools Program and School Assistance and Intervention Teams, the Department of Finance may transfer funds between Schedule (1) and Schedule (4) of this item.
5. Of the funds appropriated in Schedule (3), \$20,000,000 shall be allocated as follows: (a) First priority shall be to provide implementation grants to schools in the first decile of the 2001 Academic Performance Index (API) established pursuant to Section 52052 of the Education Code,

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that applied to participate in High Priority Schools Grant Program (HPSGP) but were not funded, due to lack of funding; (b) Second priority shall be for planning and implementation grants for schools in the first decile of the 2001 API that have not previously received a HPSGP grant for planning or implementation. Under this priority, a school must complete both planning and first year implementation in the 2002–03 fiscal year; (c) Third priority shall be to provide planning grants to schools in the second decile of the 2001 API. It is the intent of the Legislature that any school that receives a planning grant for the HPSGP shall also be provided an implementation grant at the earliest possible opportunity in which funding is appropriated for this purpose.

6110-123-0890—For local assistance, Department of Education, payable from the Federal Trust Fund..... 78,874,000  
Schedule:

- (1) 20.60.030.031-Immediate Intervention/Underperforming Schools Program..... 39,743,000
- (2) 20.60.030.035-Innovative Program, Title V-ESEA..... 39,131,000

Provisions:

1. The State Department of Education shall issue a request for applications that gives equal priority for receipt of 2002–03 Comprehensive School Reform Demonstration funding for the following two groups of schools:
  - (a) Title I schools identified as being in need of improvement or corrective action (required priority for subgrants under Part F of Title I of the ESEA).
  - (b) Schools in decile 1 of the Academic Performance Index that were invited to apply for the High Priority Schools Grant Program and not already funded by that program or by the Comprehensive School Reform Demonstration Program.

Schools described in (b) above that submit Comprehensive School Reform Demonstration applications meeting required criteria may choose to be funded at \$400 per pupil for one year with continuation grants for two additional years, and are required to meet the requirements of the High Priority Schools Grant Program. Schools not par-

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<p>icipating in the High Priority Schools Grant Program that are selected for the Comprehensive School Reform Demonstration Program will be funded at \$200 per pupil.</p> <p>2. The State Board of Education and the Superintendent of Public Instruction may not adopt or amend any plan for the expenditure of these funds pursuant to the federal No Child Left Behind Act of 2001 (P.L. 107-110) except upon advance notice provided to the chairs of the fiscal and policy committees that consider education and appropriations in each house of the Legislature. Advance notice shall be 30 days if the plan for the expenditure is submitted from January 1 to August 30, or 45 days if the plan for the expenditure is submitted from September 1 to December 31.</p>	
<p>6110-124-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 10.80.010-Gifted and Talented Pupil Program established pursuant to Chapter 8 (commencing with Section 52200) of Part 28 of the Education Code .....</p>	56,536,000
<p>Provisions:</p> <p>1. Of the funds appropriated in this item, \$749,000 is for the purpose of providing an adjustment for increases in average daily attendance at a rate of 1.37 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$1,108,000 is for the purpose of providing a cost-of-living adjustment (COLA) of 2.00 percent.</p>	
<p>6110-125-0001—For local assistance, Department of Education (Proposition 98), for English Language Learners Program 20.10.006-English Language Learners Student Assistance pursuant to Chapter 4 (commencing with Section 400) of Part 1 of the Education Code .....</p>	53,200,000
<p>6110-125-0890—For local assistance, Department of Education .....</p>	243,168,000
<p>Schedule:</p> <p>(1) 10.30.010-Title I, Migrant Education.....</p>	134,384,000
<p>(2) 20.10.004-Title III, Language Acquisition .....</p>	108,784,000

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Provisions:	
1. Of the funds appropriated in Schedule (1) of this item, the State Department of Education shall use no less than \$6,500,000 and up to \$7,100,000 for the California Mini-Corps Program.	
2. Of the funds appropriated in Schedules (1) and (2) of this item, \$12,600,000 in carryover funding is provided on a one-time basis for the previously approved purposes, as follows: Migrant Education (\$12,100,000) and Immigrant Education (\$500,000).	
3. The funds appropriated in Schedule (2) of this item are available pursuant to legislation enacted during the 2001–02 Regular Session.	
6110-126-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 20.10.035-Miller-Unruh Basic Reading Act of 1965 (commencing with Section 54100) of Chapter 2 of Part 29 of the Education Code .....	28,929,000
Provisions:	
1. The State Department of Education shall establish a procedure to accept an application from any school district for participation in the Miller-Unruh Basic Reading Act of 1965 established pursuant to Chapter 2 (commencing with Section 54100) of Part 29 of the Education Code. This procedure shall provide first priority for any available funding to school districts with underperforming schools, consistent with Article 3 (commencing with Section 52053) of Chapter 6.1 of Part 28 of the Education Code, and with the lowest district base revenue limits. Whenever the number of reading specialist positions funded by the program is reduced in any school district, funds shall be reallocated to support an equivalent number of positions in another district or other districts.	
2. A 2.00 percent cost-of-living adjustment (COLA) is provided to increase the rate per full-time reading specialist to \$26,769 for 2002–03.	
6110-126-0890—For local assistance, Department of Education, Program 20.60.290-Instructional Support, Title I, Part B of the Elementary and Secondary Education Act (Reading First Program) payable from the Federal Trust Fund.....	131,600,000

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Provisions:	
1. The funds appropriated in this item are provided pursuant to legislation enacted during the 2001–02 Regular Session.	
6110-127-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 20.40.070-Opportunity Classes and Programs pursuant to Article 2.3 (commencing with Section 48643) of Chapter 4 of Part 27 of the Education Code.....	2,611,000
Provisions:	
1. Notwithstanding Section 48644 of the Education Code, funds allocated to school districts for the expansion of Opportunity Classes and Programs may not exceed \$518 per unit of average daily attendance (ADA), based on the additional enrollment in these classes and programs above the 1982–83 enrollment levels, expressed in terms of ADA. For purposes of making this allocation to opportunity programs, the Superintendent of Public Instruction shall use the following definition to express enrollment in opportunity programs: using total positive clock hours scheduled and attended during the year, 405 hours of opportunity program assignment equals one opportunity program ADA (405 hours is the product of a second principal apportionment divisor of 135 and three hours of attendance per day).	
2. Of the funds appropriated in this item, \$107,000 is for the purpose of providing an adjustment for increases in average daily attendance at a rate of 4.34 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$51,000 is for the purpose of providing a cost-of-living adjustment (COLA) of 2.00 percent for the Opportunity Classes and Programs established pursuant to Article 2.3 (commencing with Section 48643) of Chapter 4 of Part 27 of the Education Code.	
6110-128-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 10.30.070-Economic Impact Aid .....	498,682,000

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Schedule:	
(1) 10.30.070.001-Article 2 (commencing with Section 54020) of Chapter 1 of Part 29 of the Education Code.....	349,077,000
(2) 10.30.070.020-Sections 54031 and 54033, and Article 4 (commencing with Section 54040) of Chapter 1 of Part 29, of the Education Code.....	149,604,900
Provisions:	
1. If the funds appropriated in this item are insufficient to fully fund the allocations under Article 4 (commencing with Section 54040) of Chapter 1 of Part 29 of the Education Code, the Superintendent of Public Instruction shall prorate the allocations made pursuant to that article to reflect the amount of funding available.	
2. Of the funds appropriated in this item, \$23,281,000 is for the purpose of providing an adjustment for increases in average daily attendance at a rate of 5 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, a 2.00 percent cost-of-living adjustment (COLA) is provided to increase the minimum rate per CalWORKs plus English-learner student to \$203.55. The minimum funding level for districts with 10 or fewer CalWORKs plus English-learners shall increase to \$4,901 per district and \$7,356 for districts with more than 10, but less than 20 CalWORKs plus English-learners, pursuant to Education Code Sections 54020-54033.	
6110-129-0001—For local assistance, Department of Education, Program 41.00-Community Education-Intergenerational Programs.....	171,000
6110-130-0001—For local assistance, Department of Education, Program 20.60.100-Advancement Via Individual Determination .....	12,300,000
Provisions:	
1. Of the funds appropriated, \$1,300,000 is available for administration of the Advancement Via Individual Determination (AVID) centers and \$6,000,000 is available for competitive outreach grants to local education agencies for the AVID	



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<p>program. Notwithstanding any other provision of law, the remaining \$5,000,000 shall be used solely for the provision of advanced placement teacher training or tutoring services, pursuant to Section 52247 of the Education Code.</p>	
<p>6110-131-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 10.30.051-American Indian Early Childhood Education Program established pursuant to Chapter 6.5 (commencing with Section 52060) of Part 28 of the Education Code .....</p>	551,000
<p>Provisions:</p> <ol style="list-style-type: none"> <li>1. Of the funds appropriated in this item, \$8,000 is for the purpose of providing an adjustment for increases in average daily attendance at a rate of 1.37 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$11,000 is for the purpose of providing a cost-of-living adjustment at the rate of 2.00 percent.</li> </ol>	
<p>6110-132-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 10.10, Targeted Instructional Improvement Grant pursuant to Chapter 2.5 (commencing with Section 54200) of Part 29 of the Education Code .....</p>	737,597,000
<p>Provisions:</p> <ol style="list-style-type: none"> <li>1. Of the funds appropriated in this item, \$9,773,000 is for the purpose of providing an adjustment for increases in average daily attendance at a rate of 1.37 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$14,464,000 is for the purpose of providing a cost-of-living adjustment at the rate of 2.00 percent.</li> </ol>	
<p>6110-134-0001—For local assistance, Department of Education (Proposition 98), Program 10-Instruction, for allocation to local education agencies .....</p>	88,650,000
<p>Provisions:</p> <ol style="list-style-type: none"> <li>1. The funds appropriated in this item shall be for a teacher recruitment and retention block grant established pursuant to Section 44735 of Chapter 3.36 of Part 25 of the Education Code.</li> </ol>	

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6110-136-0890—For local assistance, Department of Education, payable from the Federal Trust Fund.....	1,506,196,000

Schedule:

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| (1) 10.30.060-Title I-ESEA .....                                     | 1,495,541,000 |
| (2) 10.30.065-McKinney-Vento Homeless Children Education.....        | 7,189,000     |
| (3) 20.70.010-Instructional Support: Advanced Placement Fee Waiver.. | 3,466,000     |

Provisions:

2. In administering the accountability system required by this item, the State Department of Education shall align the forms, processes, and procedures required of local educational agencies in a manner that they may be utilized for the purposes of implementing the Public School Accountability Act, as established by Chapter 6.1 (commencing with Section 52050) of Part 28 of the Education Code, so that duplication of effort is minimized at the local level.
6. Funding provided within Schedule (3) shall be used to fully satisfy the demand for advanced placement examination fee reimbursements for low-income pupils. Any funding remaining after the demand for advanced placement exam fee reimbursements has been fully satisfied may be used on a one-time basis for preadvanced placement activities as specified under the conditions of the federal grant application through which these funds were authorized. Use of funding for this alternative purpose shall not create nor imply any continuing obligation to fund the alternative activities beyond the 2002–03 fiscal year.
7. Of the funds appropriated in Schedules (1) and (2), \$14,325,000 in carryover funding is provided on a one-time basis for previously approved purposes, as follows: Title I grants to local education agencies (\$1,000,000), Title I Even Start (\$10,000,000), Title I Capital Expenses (\$2,800,000), and Title II McKinney Homeless Children Education (\$525,000).
8. As a condition of receipt of these funds, local education agencies shall provide data and information to the State Department of Education, including transferring data pursuant to legislation

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<p>enacted during the 2001–02 Regular Session to create a longitudinal database to track English Language Learners, migrant education pupils, and calculate a graduation rate, and dropout rate, as required by the federal No Child Left Behind Act of 2001 (P.L. 107-110).</p> <p>9. Of the funds appropriated in Schedule (1) of this item, \$29,086,000 shall be available pursuant to legislation enacted during the 2001–02 Regular Session for school improvement and intervention programs after federal regulations regarding Title I are issued.</p>	
<p>6110-137-0001—For local assistance, Department of Education, (Proposition 98), for transfer to Section A of the State School Fund, Program 20.60.260—Instructional Support, Mathematics and Reading Professional Development Program .....</p>	31,728,000
<p>Provisions:</p> <p>1. The funds appropriated in this item shall be for allocation to local education agencies that participate in the Mathematics and Reading Professional Development Program established pursuant to Article 3 (commencing with Section 99230) of Chapter 5 of Part 65 of the Education Code.</p>	
<p>6110-137-0890—For local assistance, Department of Education, Program 20.10.005-Rural and Low Income Schools Grant, payable from the Federal Trust Fund .....</p>	2,426,000
<p>Provisions:</p> <p>1. The State Board of Education and the Superintendent of Public Instruction may not adopt or amend any plan for the expenditure of these funds pursuant to the federal No Child Left Behind Act of 2001 (P.L. 107-110) except upon advance notice provided to the chairs of the fiscal and policy committees that consider education and appropriations in each house of the Legislature. Advance notice shall be 30 days if the plan for the expenditure is submitted from January 1 to August 30, or 45 days if the plan for the expenditure is submitted from September 1 to December 31.</p>	
<p>6110-139-0001—For local assistance, Department of Education (Proposition 98), Program 10.10-School Apportionments, Pupil Residency Verification .....</p>	162,000
<p>Provisions:</p> <p>1. Funds appropriated in this item are for the purpose of assisting school districts that are adjacent</p>	

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to the international border with their pupil residency verification, consistent with the intent of Education Code Section 48204.6.	
6110-140-0001—For local assistance, Department of Education, (Proposition 98), Program 20.90-Instructional Support, California School Information Services .....	11,290,000
Schedule:	
(1) 20.90.001.010—CSIS Local Grants	7,000,000
(2) 20.90.001.020—CSIS Oversight ....	4,290,000
Provisions:	
1. The funds appropriated in Schedule (1) in this item shall be for the purpose of funding the Fiscal Crisis and Management Assistance Team’s implementation of the local California School Information Services (CSIS) Project. These funds shall be used only if there are insufficient funds in the Educational Telecommunications Fund for CSIS local implementation activities. The Department of Finance shall notify the Chairperson of the Joint Legislative Budget Committee, or his or her designee, of its intent to request that the Controller transfer the amount projected to be required to meet the projected operational needs of the local CSIS project from Schedule (1) in this item into the Educational Telecommunications Fund for allocation pursuant to this item. The Controller shall transfer those funds not sooner than 30 days after this notification.	
2. The funds appropriated in Schedule (2) in this item shall be for allocation to the Fiscal Crisis and Management Assistance Team for costs associated with administration of the CSIS project.	
6110-144-0001—For local assistance, Department of Education (Proposition 98), Program 20.60.70-Principal Training Program.....	5,000,000
Provisions:	
1. The funds appropriated in this item shall be for the Principal Training Program authorized pursuant to Article 4.6 (commencing with Section 44510) of Chapter 3 of Part 25 of the Education Code.	
6110-145-0890—For local assistance, Department of Education, Program 20, Reading Excellence Act, payable from the Federal Trust Fund.....	100,000

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Provisions:	
1. The funds appropriated in this item shall be for activities to improve the reading skills of pupils in kindergarten and grades 1 to 3, inclusive.	
6110-149-0001—For local assistance, Department of Education (Proposition 98), Program 20.40.040-Library and Learning Resources, pursuant to Article 7 (commencing with Section 18180) and Article 8 (commencing with Section 18200) of Chapter 2 of Part 11 of the Education Code .....	23,229,000
Provisions:	
1. The funds appropriated in this item are provided to the State Department of Education for allocation to school districts and charter schools to purchase library books for school libraries or kindergarten and grades 1 to 4, inclusive, classroom libraries in accordance with Provision 2.	
2. The State Department of Education shall apportion funds appropriated in this item on the basis of an equal amount per enrolled pupil for kindergarten and grades 1 to 12, inclusive, as certified by the Superintendent of Public Instruction based on the 2001 California Basic Education Data System (CBEDS) data, excluding summer school, and adult and regional occupational program and center enrollment.	
6110-151-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 10.30.050-American Indian Education Centers established pursuant to Article 6 (commencing with Section 33380) of Chapter 3 of Part 20 of the Education Code.....	3,778,000
Provisions:	
1. Of the funds appropriated in this item, \$50,000 is for the purpose of providing an adjustment for increases in average daily attendance at a rate of 1.37 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$74,000 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 2.00 percent.	
6110-152-0001—For local assistance, Department of Education, Program 10.30.050-American Indian Education Centers pursuant to Article 6 (commencing with Section 33380) of Chapter 3 of Part 20 of the Education Code. ....	376,000

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6110-156-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, for allocation by the Superintendent of Public Instruction to school districts, county offices of education, and other agencies for the purposes of Proposition 98 educational programs funded by this item, in lieu of the amount that otherwise would be appropriated pursuant to statute....	605,038,000
Schedule:	
(1) 10.50.010.001-Adult Education.....	582,038,000
(2) 10.50.010.008-Remedial education services for participants in the CalWORKs.....	31,739,000
(3) Reimbursements-CalWORKs.....	-8,739,000
Provisions:	
1. Credit for participating in adult education classes or programs may be generated by a special day class pupil only for days in which the pupil has met the minimum day requirements set forth in Section 46141 of the Education Code.	
2. The funds appropriated in Schedule (2) constitute the funding for both remedial education and job training services for participants in the CalWORKs program (Art. 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code). Funds shall be apportioned by the Superintendent of Public Instruction for direct instructional costs only to school districts and Regional Occupational Centers and Programs (ROC/Ps) that certify that they are unable to provide educational services to CalWORKs recipients within their adult education block entitlement or ROC/P block entitlement, or both. However, of the funds appropriated in Schedule (2) of this item, an amount not to exceed \$10,000,000, as negotiated through an interagency agreement between the State Department of Education and the State Department of Social Services, shall be provided for Adult Education Programs, and ROC/Ps for the purposes of providing instructional and training supportive services for CalWORKs eligible members. These services shall include any of the following:	
(a) Career and educational guidance and counseling.	
(b) Training-related assessment.	

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<ul style="list-style-type: none"> <li>(c) Transportation to the classroom or worksite during training.</li> <li>(d) Job readiness training and services.</li> <li>(e) Job development and placement.</li> <li>(f) Postemployment support and followup to ensure job retention.</li> <li>(g) Coordination and referrals to other services provided through the State Department of Social Services, the Employment Development Department, the Local Workforce Investment Boards, community colleges, the Department of Rehabilitation, the Economic Development Agency, and other community resources.</li> <li>(h) Curriculum and instruction development to provide short-term integrated programs leading to employment.</li> <li>(i) Staff development costs resulting from policy development and training occurring between instructional staff and county welfare agencies in the coordination of the program.</li> <li>(j) One-time excess program startup costs. Allocations shall be distributed by the Superintendent of Public Instruction as equal statewide dollar amounts, based on the number of CalWORKs eligible family members served in the county and subject to instructional and training support services needed annually by each agency as identified in the county CalWORKs Instruction and Job Training Plan required by Section 10200 of the Education Code.</li> </ul>	
<p>3. Providers receiving funds under this item for adult basic education, English as a Second Language, and English as a Second Language-Citizenship for legal permanent residents, shall, to the extent possible, grant priority for services to immigrants facing the loss of federal benefits under the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Citizenship and naturalization preparation services funded by this item shall include, to the extent consistent with applicable federal law, all of the following: (a) outreach services; (b) assessment of skills; (c) instruction and curriculum development; (d) professional development; (e) citizenship testing; (f)</p>	

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<p>naturalization preparation and assistance; and (g) regional and state coordination and program evaluation.</p> <p>4. The funds appropriated in Schedule (2) of this item shall be subject to the following:</p> <p>(a) The funds shall be used only for educational activities for welfare recipient students and those in transition off of welfare. The educational activities shall be limited to those designed to increase self-sufficiency, job training, and work. These funds shall be used to supplement and not supplant existing funds and services provided for welfare recipient students and those in transition off of welfare.</p> <p>(b) Notwithstanding any other provision of law, each local education agency's individual cap for adult education and regional occupational center and programs (ROC/P's), average daily attendance shall not be increased as a result of the appropriations made by this section.</p> <p>(c) Funds may be claimed by local education agencies for services provided to welfare recipient students and those in transition off of welfare pursuant to this section only if all of the following occur:</p> <p>(1) Each local education agency has met the terms of the interagency agreement between the State Department of Education and the Department of Social Services pursuant to Provision 2 of this item.</p> <p>(2) Each local education agency has fully claimed its respective adult education or ROC/P average daily attendance cap for the current year.</p> <p>(3) Each local education agency has claimed the maximum allowable funds available under the interagency agreement pursuant to Provision 2 of this item.</p> <p>(d) Each local education agency shall be reimbursed at the same rate as it would otherwise receive for services provided pursuant to this item or pursuant to Item 6110-105-0001 of Section 2.00 of this act, and shall comply with the program requirements for adult education pursuant to Chapter 10 (commencing with Section 52500) of Part 28 of the Education</p>	



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Code, and ROC/P requirements pursuant to Article 1 (commencing with Section 52300) of, and Article 1.5 (commencing with Section 52335) of, Chapter 9 of, Part 28 of the Education Code, respectively.

- (e) Notwithstanding any other provision of law, funds appropriated in this section for average daily attendance (ADA) generated by participants in the CalWORKs program may be apportioned on an advance basis to local education agencies based on anticipated units of ADA if a prior application for this additional ADA funding has been approved by the Superintendent of Public Instruction.
- (f) The Legislature finds the need for good information on the role of local education agencies in providing services to individuals who are eligible for or recipients of CalWORKs assistance. This information includes the extent to which local education programs serve public assistance recipients and the impact these services have on the recipients' ability to find jobs and become self-supporting.
- (g) The State Department of Education shall develop a data and accountability system to obtain information on education and job training services provided through state-funded adult education programs and regional occupational centers and programs. The system shall collect information on (1) program funding levels and sources; (2) characteristics of participants; and (3) pupil and program outcomes. The department shall work with the Department of Finance and Legislative Analyst in determining the specific data elements of the system and shall meet all information technology reporting requirements of the Department of Information Technology and the Department of Finance.
- (h) As a condition of receiving funds provided in Schedule (2) of this item or any General Fund appropriation made to the State Department of Education specifically for education and training services to welfare recipient students and those in transition off of welfare, local adult education programs and regional occupational centers and programs shall collect

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program and participant data as described in this section and as required by the State Department of Education. The State Department of Education shall require that local providers submit to the state aggregate data for the period July 1, 2002, through June 30, 2003.

- 5. Of the funds appropriated in this item \$15,018,000 is for the purpose of providing an adjustment for increases in average daily attendance at a rate of 2.50 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$12,304,000 is for the purpose of providing a cost-of-living adjustment at a rate of 2.00 percent.
- 6. If the funds appropriated in this item are insufficient to cover the costs incurred in the provision of adult education services in accordance with state and federal laws and regulations, it is the intent of the Legislature that up to \$10,000,000 of such a shortfall will be considered a priority for restoration.

6110-156-0890—For local assistance, Department of Education, Program 10.50.010.001-Adult Education, payable from the Federal Trust Fund..... 91,826,000

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.

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2. (a) Notwithstanding any other provision of law, all nonlocal educational agencies (Non-LEA) receiving greater than \$300,000 pursuant to this item shall submit an annual organizational audit, as specified, to the State Department of Education, Office of External Audits.

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 \$300,000 of federal awards, and that do not

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have an organizational-wide audit performed. These limited scope audits shall be conducted in accordance with the State Department 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, 2003, 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 the implementation 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 district, community colleges, community-based organizations, other local entities); (b) the results of a mid-year report on 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

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- Title II and (b) evaluate the feasibility of any future expansion of the accountability-based funding system using state funds.
4. The State Department of Education shall expeditiously amend the “Workforce Investment Act, Title II, Adult Education and Family Literacy Act, California State Plan for 1999–2004” to rebench outcome measures for Department of Mental Health and Department of Developmental Services clients so that they will continue to be eligible for adult education services in 2002–03 and beyond to the full extent authorized under federal law. The State Department of Education shall also consult with the Department of Mental Health, Department of Developmental Services, and Department of Finance for this purpose.
  5. Of the funds appropriated in this item, \$18,000,000 is available as a one-time carryover of unexpended funds from the 2001–02 fiscal year.
  6. Of the funds appropriated in this item for the English Literacy and Civics and Education program, \$5,000,000 shall be expended pursuant to an interagency agreement with the Department of Community Services and Development for the Naturalization Services Program. The interagency agreement shall provide for naturalization services consistent with services and program administration provided through Schedule (2) of Item 4700-101-0001 and authorized under the California State Plan, Workforce Investment Act, Title II, Adult Education and Family Literacy Act. In consultation with the Department of Community Services and Development, the State Department of Education shall develop a plan for implementation not later than December 31, 2002, to ensure the continuity of services to the legal permanent residents eligible for naturalization who rely on community-based citizenship programs funded through the Department of Community Services Development. This plan shall serve as the basis for the delivery of naturalization services through community-based organizations and other eligible providers.

Within 30 days of the enactment of this act, the State Department of Education and the Department of Community Services and Development

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shall seek the United States Department of Education’s approval of a naturalization education services plan. If the plan is rejected by the United States Department of Education, the State Department of Education and Department of Community Services and Development shall jointly report to the Department of Finance and the Legislature the reasons and authority cited for the rejection within 15 days of notification, and shall within 60 days make recommendations to the Legislature on alternatives.

6110-158-0001—For local assistance, Department of Education (Proposition 98), for transfer by the Controller to Section A of the State School Fund in lieu of the amount that otherwise would be appropriated pursuant to Section 41841.5 of the Education Code, Program 10.50.010.002-Adults in Correctional Facilities .....

19,067,000

Provisions:

1. Notwithstanding Section 41841.5 of the Education Code, or any other provision of law, the amount appropriated in this item and any amount allocated for this program in this act shall be the only funds available for allocation by the Superintendent of Public Instruction to school districts or county offices of education for the Adults in Correctional Facilities program.
2. Notwithstanding Section 41841.5 of the Education Code or any other provision of law, the amount appropriated in this item shall be allocated based upon prior-year rather than current-year expenditures.
3. Notwithstanding any other provision of law, funding distributed to each local education agency (LEA) for reimbursement of services provided in the 2001–02 fiscal year for the Adults in Correctional Facilities program shall be limited to the amount received by that agency for services provided in the 2000–01 fiscal year, as increased by \$448,000 for growth in services and \$710,000 for cost-of-living adjustments. Funding shall be reduced or eliminated, as appropriate, for any LEA that reduces or eliminates services provided under this program in the 2001–02 fiscal year, as compared to the level of service provided in the 2000–01 fiscal year. Any funds remaining as a result of those decreased levels of service shall be

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allocated to provide support for new programs in accordance with Section 41841.8 of the Education Code.	
4. Notwithstanding any other provision of law, funds appropriated by this item for growth in average daily attendance first shall be allocated to programs that are funded for 20 units or less of average daily attendance, up to a maximum of 20 additional units of average daily attendance per program.	
6110-161-0001—For local assistance, Department of Education (Proposition 98), Program 10.60-Special Education Programs for Exceptional Children.....	2,711,073,000
Schedule:	
(1) 10.60.050.003-Special education instruction .....	2,654,287,000
(2) 10.60.050.080-Early Education Program for Individuals with Exceptional Needs .....	71,181,000
(3) Reimbursements for Early Education Program, Part C .....	-14,395,000
Provisions:	
1. Funds appropriated by this item are for transfer by the Controller to Section A of the State School Fund, in lieu of the amount that otherwise would be appropriated for transfer from the General Fund in the State Treasury to Section A of the State School Fund for the 2002–03 fiscal year pursuant to Sections 14002 and 41301 of the Education Code, for apportionment pursuant to Part 30 (commencing with Section 56000) of the Education Code, superseding all prior law.	
2. Of the funds appropriated in Schedule (1) of this item, \$10,829,000, plus the COLA, shall be available for the purchase, repair, and inventory maintenance of specialized books, materials, and equipment for pupils with low-incidence disabilities, as defined in Section 56026.5 of the Education Code.	
3. Of the funds appropriated in Schedule (1) of this item, \$8,272,000, plus the COLA, shall be available for the purposes of vocational training and job placement for special education pupils through Project Workability I pursuant to Article 3 (commencing with Section 56470) of Chapter 4.5 of Part 30 of the Education Code. As a condition of receiving these funds, each local educa-	

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- tional agency shall certify that the amount of non-federal resources, exclusive of funds received pursuant to this provision, devoted to the provision of vocational education for special education pupils shall be maintained at or above the level provided in the 1984–85 fiscal year. The Superintendent of Public Instruction may waive this requirement for local educational agencies that demonstrate that the requirement would impose a severe hardship.
4. Of the funds appropriated in Schedule (1) of this item, \$4,315,000, plus the COLA, shall be available for regional occupational centers and programs that serve pupils having disabilities, and \$72,647,000, plus the COLA, shall be available for regionalized program specialist services, including \$1,741,000, plus the COLA, for small special education local plan areas (SELPAs) pursuant to Section 56836.24 of the Education Code.
  5. Of the funds appropriated in Schedule (1), \$1,000,000 is provided for extraordinary costs associated with single placements in nonpublic, nonsectarian schools, pursuant to Section 56836.21 of the Education Code.
  6. Of the funds appropriated in Schedule (1), a total of \$114,756,000, plus the COLA, is available to fully fund the costs of children placed in licensed children's institutions who attend nonpublic schools.
  7. Of the amount appropriated in Schedule (2) of this item, \$964,000, plus the COLA, shall be available for infant program growth units (ages birth–two years). Funds for infant units shall be allocated pursuant to Provision 11 of this item, with the following average number of pupils per unit:
    - (a) For special classes and centers—16.
    - (b) For resource specialist programs—24.
    - (c) For designated instructional services—16.
  8. Notwithstanding any other provision of law, early education programs for infants and toddlers shall be offered for 200 days. Funds appropriated in Schedule (2) shall be allocated by the State Department of Education for the 2002–03 fiscal year to those programs receiving allocations for instructional units pursuant to Section 56432 of the Education Code for the Early Education Program for Individuals with Exceptional Needs operated



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- pursuant to Chapter 4.4 (commencing with Section 56425) of Part 30 of the Education Code, based on computing 200-day entitlements. Notwithstanding any other provision of law, funds in Schedule (2) shall be used only for the purposes specified in Provisions 10 and 11 of this item.
9. Notwithstanding any other provision of law, state funds appropriated in Schedule (2) of this item in excess of the amount necessary to fund the deficated entitlements pursuant to Section 56432 of the Education Code and Provision 10 of this item shall be available for allocation by the State Department of Education to local educational agencies for the operation of programs serving solely low-incidence infants and toddlers pursuant to Title 14 (commencing with Section 95000) of the Government Code. These funds shall be allocated to each local educational agency for each solely low-incidence child through age two in excess of the number of solely low-incidence children through age two served by the local educational agency during the 1992–93 fiscal year and reported on the April 1993 pupil count. These funds shall only be allocated if the amount of reimbursement received from the State Department of Developmental Services is insufficient to fully fund the costs of operating the Early Intervention Program, as authorized by Title 14 (commencing with Section 95000) of the Government Code.
  10. The State Department of Education, through coordination with the SELPAs, shall ensure local interagency coordination and collaboration in the provision of early intervention services, including local training activities, child find activities, public awareness, and the family resource center activities.
  11. Of the amount provided in Schedule (1), \$72,433,000 is provided for a COLA at a rate of 2.00 percent.
  12. Of the amount provided in Schedule (2), \$1,400,000 is provided for a COLA at a rate of 2.00 percent.
  13. Funds appropriated in this item are available for the sole purpose of funding 2002–03 special education program costs and shall not be used to fund any prior year adjustments, claims or costs.

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- 14. Of the amount provided in Schedule (1), \$155,000, plus the COLA, shall be available to fully fund the declining enrollment of necessary small SELPAs pursuant to Chapter 551 of the Statutes of 2001 (AB 303).
- 15. Of the amount provided in Schedule (1) of this item, \$8,943,000 shall be appropriated in the following priority sequence:
  - (a) The Superintendent of Public Instruction shall allocate any additional amount, if needed, to augment the amounts appropriated in Schedules (1) and (2) of this item to ensure full funding for the 2002–03 fiscal year.
  - (b) Once the Superintendent of Public Instruction has determined that none of the programs in Schedules (1) and (2) of this item require any additional funding pursuant to the statutory formulas contained in Chapter 854 of the Statutes of 1997 (AB 602), the remaining amount shall be allocated pursuant to Section 56836.158 of the Education Code.

6110-161-0890—For local assistance, Department of Education, payable from the Federal Trust Fund, Program 10.60-Special Education Programs for Exceptional Children ..... 800,319,000

Schedule:

- (1) 10.60.050.012-Local Agency Entitlements, IDEA Special Education ..... 677,439,000
- (2) 10.60.050.013-State Agency Entitlements, IDEA Special Education..... 1,541,000
- (3) 10.60.050.015-IDEA, Local Entitlements, Preschool Program ..... 34,792,000
- (4) 10.60.050.021-IDEA, Capacity Building, Special Education ..... 44,858,000
- (5) 10.60.050.030-PL 99-457, Preschool Grant Program ..... 39,849,000
- (6) 10.060.050.031-IDEA, State Improvement Grant, Special Education..... 1,840,000

Provisions:

- 1. If the funds for Part B of the federal Individuals with Disabilities Education Act that are actually received by the state exceed \$781,663,000, at

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<p>least 95 percent of the funds received in excess of that amount shall be allocated for local entitlements and to state agencies with approved local plans. Five percent of the amount received in excess of \$781,663,000 may be used for state administrative expenses. If the funds for Part B of the federal Individuals with Disabilities Education Act that are actually received by the state are less than \$781,663,000, the reduction shall be taken in capacity building.</p> <ol style="list-style-type: none"> <li>2. The funds appropriated in Schedule (2) shall be distributed to state-operated programs serving disabled children from 3 to 21 years of age, inclusive. In accordance with federal law, the funds appropriated in Schedules (1) and (2) shall be distributed to local and state agencies on the basis of the federal Individuals with Disabilities Education Act permanent formula.</li> <li>3. Of the funds appropriated in Schedule (4) of this item, up to \$1,250,000 may be used to fund licensed children's institution growth pursuant to Section 56836.18 of the Education Code.</li> <li>4. Pursuant to Section 56427 of the Education Code, of the funds appropriated in Schedule (4) of this item, up to \$2,324,000 may be used to provide funding for infant programs, and may be used for those programs that do not qualify for funding pursuant to Section 56432 of the Education Code.</li> <li>5. Of the funds appropriated in Schedule (4) of this item, \$29,475,000 shall be allocated to local education agencies for the purposes of Project Workability I.</li> <li>6. Of the funds appropriated in Schedule (4) of this item, \$1,700,000 shall be used to provide specialized services to pupils with low-incidence disabilities, as defined in Section 56026.5 of the Education Code.</li> <li>7. Of the funds appropriated in Schedule (4) of this item, up to \$3,617,000 shall be used for a personnel development program. This program shall include state-sponsored staff development, local in-service components, bilingual, student study team, and core curriculum components. Of this amount, a minimum of \$2,500,000 shall be allocated directly to special education local plan areas. The local in-service programs shall include a parent training component and may include a staff</li> </ol>	

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- training component. Use of these funds shall be described in the local plans. These funds may be used to provide training in alternative dispute resolution and the local mediation of disputes. All programs are to include evaluation components.
8. Of the funds appropriated in Schedule (4) of this item, up to \$200,000 shall be used for research and training in cross-cultural assessments.
  9. Of the funds appropriated in Schedule (4) of this item, up to \$300,000 shall be used to develop and test procedures, materials, and training for alternative dispute resolution in special education.
  10. Of the funds appropriated by Schedule (5) for the Preschool Grant Program, \$1,228,000 shall be used for in-service training and shall include a parent training component and may, in addition, include a staff training program. These funds may be used to provide training in alternative dispute resolution and the local mediation of disputes. This program shall include state-sponsored and local components.
  11. Of the funds appropriated in this item, \$1,420,000 is available for local assistance grants for the Quality Assurance and Focused Monitoring Pilot Program to monitor local education agency compliance with state and federal laws and regulations governing special education. This funding level is to be used to continue the facilitated reviews and, to the extent consistent with the key performance indicators developed by the State Department of Education, these activities focus on local education agencies identified by the United States Department of Education's Office of Special Education Programs.
  12. Of the funds appropriated in Schedule (4) of this item, \$4,072,000 shall be used for the purposes of establishing Family Empowerment Centers on Disabilities pursuant to Chapter 690, Statutes of 2001.
  13. Notwithstanding the notification requirements listed in Section 26.00 (d) of this act, the Department of Finance is authorized to approve intra-schedule transfers of funds within this item submitted by the State Department of Education for the purposes of ensuring that special education

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funding provided in this item is appropriated in accordance with the statutory funding formula required by federal IDEA and the special education funding formula required pursuant to Chapter 7.2 (commencing with Section 56836) of Part 30 of Division 4 of Title 2 of the Education Code, without waiting 30 days, but shall provide a notice to the Legislature each time a transfer occurs.

14. Of the funds appropriated in Schedule (4), up to \$500,000 shall be available in fiscal year 2002–03 for a special education local plan area that applied for, and in 2001–02 is in receipt of, emergency impaction funds under Provision 14 of Item 6110-161-0890 of the Budget Act of 2001 (Ch. 106, Stats. 2001) and pursuant to Section 56836.18 of the Education Code for the reason that a court of appropriate jurisdiction has ordered or aided the closure of a nonpublic, nonsectarian school operating at a licensed children’s institution and the special education local plan area, in which the licensed children’s institution is located, is required to provide for special education and related services to individuals with exceptional needs who had been enrolled in the nonpublic, nonsectarian school at the time of closure. For pupils placed in the LCI/NPS pursuant to a court order, the special education local plan area shall be eligible to apply for reimbursement of actual costs under this provision for up to one-half of the costs per pupil or which the nonpublic, nonsectarian school was previously reimbursed in 2000–01. This provision shall apply only to a school which has closed as a result of a court order or advisory. Any special education local plan area receiving funds appropriated pursuant to this provision shall report to the State Department of Education, the Department of Finance, and the Legislative Analyst’s Office by April 15, 2003, regarding the services provided to pupils through this pilot and the performance outcomes of pupils, including, but not limited to, a summary of STAR test scores for pupils and any alternate assessments used to measure the achievement of special education pupils.

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<p>6110-163-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 10.60.060.010-The Early Intervention for School Success Program established pursuant to Article 4.5 (commencing with Section 54685) of Chapter 9 of Part 29 of the Education Code .....</p> <p>Provisions:</p> <p>1. Of the funds appropriated in this item, \$28,000 is for the purpose of providing an adjustment for increases in average daily attendance at a rate of 1.37 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$43,000 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 2.00 percent.</p>	<p>2,169,000</p>
<p>6110-165-0001—For local assistance, Department of Education .....</p> <p>Schedule:</p> <p>(1) 10.70-Vocational Education ..... 7,022,000</p> <p>Provisions:</p> <p>1. Of the funds made available by this section, \$7,022,000 is available for allocation by the Superintendent of Public Instruction to support CalWORKs participants who are eligible for youth services, as prescribed by subparagraph (C) of paragraph (1) of subdivision (b) of Section 2852 of Title 29 of the United States Code.</p>	<p>7,022,000</p>
<p>6110-166-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 10.70.070-Vocational Education, for the purpose of Article 5 (commencing with Section 54690) of Chapter 9 of Part 29 of the Education Code, Partnership Academies Program.....</p> <p>Provisions:</p> <p>1. Of the funds appropriated in this item, \$2,448,000 shall fund 34 second-year operational partnership academies (initially funded as planning grants in the 2000–01 fiscal year). Funding for these partnership academies shall be at the level prescribed in Section 54691 of the Education Code.</p> <p>2. Of the funds appropriated in this item, \$342,000 shall fund three first-year operational partnership academies to replace three operational partnership academies that closed during the 2000–01 school</p>	<p>22,999,000</p>

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<p>year and three second-year operational academies to replace three operational academies that closed in 1999–00. Funding for these partnership academies shall be at the level prescribed in Section 54691 of the Education Code.</p> <p>3. If there are any funds in this item that are not allocated for planning or operational grants, the State Department of Education may allocate those remaining funds as one-time grants to state-funded partnership academies to be used for one-time purposes.</p>	
<p>6110-166-0890—For local assistance, Department of Education, Program 10.70-Vocational Education, payable from the Federal Trust Fund.....</p>	138,445,000
<p>Provisions:</p> <p>1. The funds appropriated in this item include Federal Vocational Education Act funds for the 2002–03 fiscal year to be transferred to the community colleges by means of interagency agreements for the purpose of funding vocational education programs in community colleges.</p> <p>2. The State Board of Education and the Board of Governors of the California Community Colleges shall target funds appropriated by this item to provide services to persons participating in welfare-to-work activities under the CalWORKS program.</p> <p>3. The Superintendent of Public Instruction shall report, not later than February 1 of each year, to the Joint Legislative Budget Committee and the Director of Finance, describing the amount of carryover funds from this item, reasons for the carryover, and plans to reduce the amount of carryover.</p> <p>4. Of the funds appropriated in this item, \$4,628,000 is available as a one-time carryover of unexpended funds from the 2001–02 fiscal year.</p>	
<p>6110-167-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 10.70-Agricultural Vocational Education Incentive Program established pursuant to Article 7.5 (commencing with Section 52460) of Chapter 9 of Part 28 of the Education Code .....</p>	4,329,000
<p>Provisions:</p> <p>1. Of the funds appropriated in this item, \$58,000 is for the purpose of providing an adjustment for increases in average daily attendance at a rate of</p>	

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<p>1.37 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$84,000 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 2.00 percent.</p>	
<p>2. As a condition of receiving funds appropriated in this item, a school district shall certify to the Superintendent of Public Instruction both of the following:</p> <ul style="list-style-type: none"> <li data-bbox="246 496 827 670">(a) Agricultural Vocational Education Incentive Program funds shall be expended for the items identified in its application, except that, in items of expenditure classification 4000, only the total cost of expenses shall be required and itemization shall not be required.</li> <li data-bbox="246 673 827 933">(b) The school district shall provide at least 50 percent of the cost of the items and costs from expenditure classification 4000, as identified in its application, from other funding sources. Nothing in this provision shall be construed to limit the authority of the Superintendent of Public Instruction to waive the local matching requirement established by subdivision (b) of Section 52461.5 of the Education Code.</li> </ul>	
<p>6110-177-0001—For local assistance, Department of Education (Proposition 98), Program 20.10.035-Local Arts Education Partnership Program .....</p> <p>Provisions:</p>	6,000,000
<p>1. The funds appropriated in this item shall be used for arts education programs conducted by local education agencies pursuant to guidelines developed by the State Department of Education and approved by the State Board of Education, as authorized by Chapter 5 (commencing with Section 8810) of Part 6 of the Education Code.</p>	
<p>6110-180-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 20.10.025-Institute for Computer Technology established pursuant to Article 8 (commencing with Section 52480) of Chapter 9 of Part 28 of the Education Code.....</p> <p>Provisions:</p>	574,000
<p>1. Of the funds appropriated in this item, not more than \$100,000 may be used to disseminate curriculum developed by the Institute for Computer</p>	



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Technology (Art. 8 (commencing with Sec. 52480), Ch. 9, Pt. 28, Ed. C.).	
2. Of the funds appropriated in this item, \$8,000 is for the purpose of providing an adjustment for increases in average daily attendance at a rate of 1.37 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$11,000 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 2.00 percent for the Institute for Computer Technology programs (Art. 8 (commencing with Sec. 52840), Ch. 9, Pt. 28, Ed. C.).	
6110-180-0890—For local assistance, Department of Education, Program 20.10.025-Educational Technology, payable from the Federal Trust Fund .....	83,000,000
Provisions:	
1. Of the funds appropriated in this item, \$40,619,000 is for allocation to school districts that are awarded formula grants pursuant to the federal Enhancing Education Through Technology Grant Program.	
2. Of the funds appropriated in this item, \$40,619,000 is available for competitive grants pursuant to legislation to be enacted during the 2001–02 legislative session that is consistent with the requirements of the federal Enhancing Education Through Technology Grant Program—including the eligibility criteria established in federal law to target local education agencies with high numbers or percentages of children from families with incomes below the poverty line and one or more schools either qualifying for federal School Improvement or demonstrating substantial technology needs. Under no circumstances shall the legislation designate specific local education agencies as subgrant recipients.	
3. Of the funds appropriated in this item, \$1,462,000 is available for the California Technology Assistance Project (CTAP) to provide federally required technical assistance and to help districts apply for and take full advantage of the federal Enhancing Education Through Technology grants.	
4. Of the funds appropriated in this item, \$300,000 is available for the Technology Information Center for Information Leadership to assist districts and	

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site administrators in improving the use of technology in teaching, learning, and school administration.	
6110-181-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund Program 20.10.025-Educational Technology programs funded pursuant to Article 15 (commencing with Section 51870) of Chapter 5 of Part 28 and Chapter 3.34 (commencing with Section 44730) of Part 25 of the Education Code .....	15,810,000
Provisions:	
1. Of the funds appropriated in this item, \$210,000 is for the purpose of providing an adjustment for increases in average daily attendance at a rate of 1.37 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$311,000 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 2.00 percent.	
6110-181-0140—For local assistance, Department of Education, Program 20.10.055-Environmental Education, payable from the California Environmental License Plate Fund .....	400,000
6110-183-0890—For local assistance, Department of Education, Instructional Support—Safe and Drug Free Schools and Communities Act of 1994 (Public Law 103-382), payable from the Federal Trust Fund .....	52,241,000
Schedule:	
(1) 20.10.045-Health and Physical Education, Drug Free Schools .....	45,901,000
(2) 20.10.047-Community Service Grant Program .....	6,340,000
Provisions:	
1. Local education agencies shall give priority in the expenditure of the funds appropriated by this item to create comprehensive drug and violence prevention programs that promote school safety, reduce the use of drugs, and create learning environments that are free of alcohol and guns and that support academic achievement for all pupils. In addition to preventing drug and alcohol use, prevention programs will respond to the crisis of violence in our schools by addressing the need to	

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prevent serious crime, violence, and discipline problems. The Superintendent of Public Instruction shall (a) notify local education agencies of this policy, and (b) incorporate the policy into the department's compliance review procedures.

- 2. Of the amount appropriated in this item, \$6,340,000 is for grants to carry out programs under which students expelled or suspended from school are required to perform community service, pursuant to Section 4126 of Title IV of the No Child Left Behind Act of 2001 (P.L. 107-110). As a condition of funding, grantees must certify that students will be appropriately supervised while performing community service activities under this program.

6110-187-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, for a cost-of-living increase to be transferred to, in lieu of the amount that otherwise would be provided pursuant to statute, and in augmentation of, the respective appropriation by the Controller upon enactment in accordance with the following.....

679,000

Schedule:

- (1) 10.10.011.005-School Apportionments, Continuation Schools (Section 42243.7 of the Education Code) ..... 563,000

Provisions:

- 1. (a) Notwithstanding any other provision of law, the funds appropriated in Schedule (1) of this item for school apportionments to continuation schools shall be allocated on a dollar amount basis rather than as a percentage increase, and shall be allocated to any school district that operated a continuation high school in the 2001–02 fiscal year, without regard to whether that district's program commenced on, after, or prior to July 1, 1978. The amount allocated to each school district shall be equal to the total amount appropriated by Schedule (1) of this item, divided by the total number of units of continuation high school average daily attendance (ADA) for the state at the second principal apportionment for the 2001–02 fiscal year, multiplied by the units of

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<p>that ADA reported by the district for the second principal apportionment for the 2001–02 fiscal year.</p> <p>(b) The total amount allocated pursuant to subdivision (a) of this provision shall not exceed the total amount of the funds appropriated in Schedule (1) of this item.</p>	
<p>6110-188-0001—For local assistance, Department of Education (Proposition 98), Program 10.10-School Apportionments Deferred Maintenance, for transfer to the State School Deferred Maintenance Fund .....</p>	205,689,000
<p>Provisions:</p> <p>1. The funds appropriated in this item shall be transferred to the State School Deferred Maintenance Fund and shall be available for funding applications received by the Department of General Services, Office of Public School Construction for the purpose of payments to school districts for deferred maintenance projects funded pursuant to Section 17584 of the Education Code.</p>	
<p>6110-189-0001—For local assistance, Department of Education (Proposition 98), for transfer to Instructional Materials Fund.....</p>	395,775,000
<p>Schedule:</p> <p>(1) 20.20.020.005-Instructional Materials Block Grant.....</p> <p>(2) 20.20.020.006-One-Time Instructional Materials Grants.....</p>	250,000,000 145,775,000
<p>Provisions:</p> <p>1. The funds in this item shall be allocated to school districts to purchase standards-aligned instructional materials, pursuant to legislation enacted during the 2001–02 Regular Session.</p>	
<p>6110-190-0001—For local assistance, Department of Education (Proposition 98), Program 10.10-School Apportionments, Community Day Schools .....</p>	42,205,000
<p>Provisions:</p> <p>1. The funds appropriated in this item are for transfer to Section A of the State School Fund to reimburse costs incurred pursuant to Chapter 974 of the Statutes of 1995 as amended by Chapter 847 of the Statutes of 1998.</p> <p>2. Funds appropriated in this item shall not be available for the purposes of Section 41972 of the Education Code.</p> <p>3. Of the funds appropriated in this item, \$828,000 is for the purpose of providing a cost-of-living ad-</p>	

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<p>justment (COLA) at a rate of 2.00 percent, to community day schools, in lieu of the amount that would otherwise be provided pursuant to statute.</p>	
<p>6110-191-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 20.60.050.002-Beginning Teacher Support and Assessment Program .....</p>	88,139,000
<p>Provisions:</p> <ol style="list-style-type: none"> <li>1. The funds appropriated in this item are for direct disbursement by the State Department of Education for the Beginning Teacher Support and Assessment System, as set forth in Article 4.5 (commencing with Section 44279.1) of Chapter 2 of Part 25 of the Education Code. These funds shall be expended only after development of a program and expenditure plan by the State Department of Education, and approval of the plan by the Department of Finance.</li> <li>2. Funds appropriated in this item are for the purpose of providing grants to support 24,635 teachers through local Beginning Teacher Support and Assessment Programs.</li> <li>3. Of the funds appropriated in this item, \$1,643,000 is provided for cost-of-living adjustments (COLAs) at a rate of 2.00 percent, for a total per participant grant level of \$3,443.</li> <li>4. It is the intent of the Legislature that first-year holders of preliminary teaching credentials, as defined in subdivision (b) of Education Code Section 44259, be afforded first priority for funding appropriated in this item. To the extent that any funds appropriated in this item remain after all first-year holders of preliminary teaching credentials have been served, those funds may be used to serve second-year holders of preliminary teaching credentials.</li> <li>5. If funds are insufficient to serve all second-year holders of preliminary teaching credentials, the Department of Education shall prorate the funds to conform to the amount remaining in this item, consistent with Provision 4 of this item.</li> </ol>	
<p>6110-193-0001—For local assistance, State Department of Education (Proposition 98), for transfer to Section A of the State School Fund Program 20.60-Staff Development .....</p>	102,696,000

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Schedule:	
(1) 20.60.010.001-Administrator Training and Evaluation Program .....	5,282,000
(2) 20.60.070-Bilingual Teacher Training Program.....	1,798,000
(3) 20.60.060-Instructional Support: Teacher Peer Review.....	87,028,000
(4) 20.60.110-Instructional Support: Improving School Effectiveness-Reader Services for Blind Teachers .....	338,000
(5) 20.60.112-Instructional Support: Advanced Placement Teacher Training.....	8,250,000
Provisions:	
1. The funds appropriated in this item are for transfer by the Controller to Section A of the State School Fund, for allocation by the Superintendent of Public Instruction to school districts, county offices of education, and other educational agencies for purposes of the Proposition 98 programs funded in this item, in lieu of the amounts otherwise provided for those programs by statute.	
2. Notwithstanding any other provision of law, the amount appropriated in Schedule (1) shall be the maximum amount of Proposition 98 funds allocated for the purposes of the administrator training and evaluation program established pursuant to Article 3 (commencing with Section 44681) of Chapter 3.1 of Part 25 of the Education Code. Funds appropriated in Schedule (1) include \$70,000 for the purpose of making adjustments for increases in average daily attendance at a rate of 1.37 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$104,000 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 2.00 percent.	
3. Notwithstanding any other provision of law, the amount appropriated in Schedule (2) shall be the maximum amount allocated for the purposes of the Bilingual Teacher Training Assistance Program established by Article 4 (commencing with Section 52180) of Chapter 7 of Part 28 of the Education Code. Funds appropriated in Schedule (2) include \$24,000 for the purpose of making ad-	

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justments for increases in average daily attendance at a rate of 1.37 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$35,000 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 2.00 percent.

- 4. The funds appropriated in Schedule (3) shall be allocated in accordance with Article 4.5 (commencing with Section 44500) of Part 25 of the Education Code. Funds appropriated in Schedule (3) include \$1,154,000 for the purpose of making adjustments for increases in average daily attendance at a rate of 1.37 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$1,706,000 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 2.00 percent.
- 5. Notwithstanding any other provision of law, the amount appropriated in Schedule (4) shall be the maximum amount allocated for the purposes of the Reader Service for Blind Teachers, for transfer to the Reader Employment Fund established by Section 45371 for the purposes of Section 44925 of the Education Code. Funds appropriated in Schedule (4) include \$4,000 for the purposes of making adjustments in average daily attendance at a rate of 1.37 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$7,000 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 2.00 percent.
- 6. Notwithstanding any other provision of law, the amount appropriated in Schedule (5) shall be the maximum amount allocated for the purposes of providing Advanced Placement teacher training pursuant to Section 52247 of Chapter 8.3 of Part 28 of the Education Code.
- 7. Of the amount appropriated in Schedule (1), \$375,000 shall be allocated to the Department of Education for the Superintendent Training Program authorized pursuant to legislation enacted during the 2001–02 Legislative Session.

6110-194-0001—For local assistance, Department of Education—Staff Development .....

1,105,000

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Schedule:	
(1) 20.60.101.001-Administrator Training and Evaluation Program .....	1,000,000
(4) 20.60.125-Geography Education Alliances .....	105,000
Provisions:	
1. The funds appropriated in this item are for transfer by the Controller to Section A of the State School Fund, for direct disbursement by the State Department of Education in lieu of the amount that otherwise would be appropriated for staff development pursuant to subdivision (a) of Section 74 of Chapter 894 of the Statutes of 1977.	
2. Notwithstanding any other provision of law, the amount appropriated in Schedule (1) of this item shall be the maximum non-Proposition 98 amount allocated from the General Fund for the 2002–03 fiscal year for the purposes of the Administrator Training and Evaluation Program set forth in Article 3 (commencing with Section 44681) of Chapter 3.1 of Part 25 of the Education Code.	
6110-194-0890—For local assistance, Department of Education, Program 20.60.190-Instructional Support, Title II, Part A of the Elementary and Secondary Education Act (Teacher and Principal Training and Recruiting Fund) payable from the Federal Trust Fund .....	5,000,000
Provisions:	
1. Of the funds appropriated in this item, \$4,350,000 shall be for transfer to the University of California, which shall use the funds to support the California Subject Matter Projects for Science authorized pursuant to Article 1 (commencing with Section 99200) of Chapter 5 of Part 65 of the Education Code.	
2. Of the funds appropriated in this item, \$250,000 shall be for data collection and evaluation related to the effectiveness of professional development programs.	
3. Of the funds appropriated in this item, \$250,000 shall be for an evaluation of cultural competency training for teachers, pursuant to legislation to be enacted in the 2001–02 Legislative Session.	
4. Of the funds appropriated in this item, \$150,000 shall be to provide professional development to substitute teachers, pursuant to legislation to be enacted in the 2001–02 Legislative Session.	



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6110-195-0001—For local assistance, Department of Education (Proposition 98), Program 20.60.140-Staff Development: Teacher Improvement, Teacher Incentives National Board Certification .....	10,000,000
Provisions:	
1. The funds appropriated in this item shall be for the purpose of providing incentive grants to teachers for achieving certification by the National Board for Professional Teaching Standards pursuant to Chapter 2, Article 13 (commencing with Education Code Section 44395).	
6110-195-0890—For local assistance, Department of Education, Program 20.60.290-Instructional Support, Title II, Part A of the Elementary and Secondary Education Act (Teacher and Principal Training and Recruiting Fund) payable from the Federal Trust Fund .....	317,526,000
Schedule:	
(1) 20.60.280-Improving Teacher Quality Local Grants .....	315,472,000
(2) 20.60.270-Principal Training Program.....	1,554,000
(3) 20.60.080-Exploratorium .....	500,000
Provisions:	
1. Local educational agencies shall use the funds appropriated in Schedule (1) of this item for the following activities, to the extent permissible under federal law: mitigating any costs in excess of current funding levels associated with operating an existing kindergarten and grades 1 to 3, inclusive, class size reduction program, class size reduction in kindergarten and grades 1 to 12, inclusive, teacher recruitment and retention, standards-aligned professional development, and any other use permitted by Title II, Part A, of the No Child Left Behind Act of 2001 (P.L. 107-110).	
2. The funds appropriated in Schedule (2) of this item shall be for the Principal Training Program authorized pursuant to Article 4.6 (commencing with Section 44510) of Chapter 3 of Part 25 of the Education Code.	
3. The carryover funds appropriated in Schedule (3) of this item shall be for school staff to participate in the Exploratorium Professional Development Program.	

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6110-196-0001—For local assistance, Department of Education (Proposition 98), for transfer by the Controller to Section A of the State School Fund, for allocation by the Superintendent of Public Instruction to school districts, county offices of education, and other agencies for the purposes of Proposition 98 educational programs funded in this item, in lieu of the amount that otherwise would be appropriated pursuant to statute.....	1,403,396,000
Schedule:	
(1) 30.10.010-Special Program, Child Development, Preschool Education .....	308,023,000
(2) 30.10.020-Child Care Services .	1,840,169,000
(a) 30.10.020.001-Special Program, Child Development, General Child Development Programs..	604,414,000
(b) 30.10.020.002-Special Program, Child Development, Community College Match-Required Center.....	3,111,000
(c) 30.10.020.004-Special Program, Child Development, Migrant Day Care.....	31,878,000
(d) 30.10.020.007-Special Program, Child Development, Alternative Payment Program.....	208,166,000
(e) 30.10.020.011-Special Program, Child Development, Alternative Payment Program-Stage 2.....	540,470,000

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(f) 30.10.020.012-Special Program, Child Development, Alternative Payment Program-Stage 3 Setaside.....	328,268,000
(g) 30.10.020.008-Special Program, Child Development, Resource and Referral.	16,125,000
(h) 30.10.020.009-Special Program, Child Development, Campus Child Care Tax Bailout.....	5,671,000
(i) 30.10.020.015-Special Program, Child Development, Extended Day Care.....	29,448,000
(j) 30.10.020.096-Special Program, Child Development, Allowance for Handicapped ...	1,528,000
(k) 30.10.020.106-Special Program, Child Development, California Child Care Initiative .....	250,000
(l) 30.10.020.901-Special Program, Child Development, Quality Improvement .....	65,335,000
(ll) 30.10.020.910-Special Program, HIPPPY (per Provision 2(b) and (7)(d)) .....	(1,000,000)
(m) 30.10.020.920-Special Program, Child Development, Local Planning Councils .....	5,505,000

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(3) 30.10.070-Special Program, Child Development After School Programs .....	121,553,000
(4) 30.10.020.908-Special Program, Child Development, Cost-of-Living Adjustments .....	24,279,000
(5) 30.10.020.017-Special Program Child Care Accreditation Project ..	1,302,000
(6) Reimbursements (Quality Accreditation Project) .....	-1,302,000
(7) Amount Payable from the Federal Trust Fund (Item 6110-196-0890) .....	-890,628,000

Provisions:

1. (a) \$22,200,000 of the amount in Schedule (3) of this item is for the annualization of the quarter-year expansion funding provided in Chapter 1 of the Statutes of 2002, Third Extraordinary Session for the Before and After School Learning and Safe Neighborhoods Partnerships Program.
  - (aa) Of the amount appropriated in Schedule (3) of this item, no less than \$4,055,000 is for expansion of the Before and After School Learning and Safe Neighborhoods Partnerships Program. Notwithstanding any other provision of law, the priority for these funds shall be new middle schools where at least 50 percent of students are eligible for free or reduced-cost meals through the school lunch program of the United States Department of Agriculture. If there is insufficient need in the middle schools, elementary schools would then be eligible for these funds. The department shall issue a Request for Applications in order to determine the most qualified recipients of the funds in this item. Any applicant that applied in the most recent funding cycle and was determined to be qualified but was not funded may not be required to submit a new application in order to be considered for funding in this item.
2. Notwithstanding Section 8278 of the Education Code, funds available for expenditure pursuant to Section 8278 of the Education Code shall be expended in the 2002-03 fiscal year pursuant to the following schedule:

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- (a) \$6,000,000 or whatever lesser or greater amount is necessary for accounts payable pursuant to paragraph (1) of subdivision (b) of Section 8278 of the Education Code.
- (b) \$59,933,000 shall be available for CalWORKs child care, of which \$55,733,000 shall be available for Stage 2 and \$4,200,000 shall be available for Stage 3.
- (c) \$1,000,000 to continue the Family Child Care At Its Best training project, which, through an interagency agreement with the University of California at Davis Extension Program, provides child development training to licensed family child care home providers to enhance the quality and safety of licensed family child care homes.
- (d) \$1,000,000 for the Home Instruction Program for Preschool Youngsters (HIPPY) to be distributed pursuant to legislation approved in the 2002 Legislative Session, or in absence of legislation, to be distributed to districts as specified herein, contingent upon a written agreement with the California HIPPY State Office by October 1, 2002, to provide evaluation, training, and technical assistance to local districts implementing HIPPY programs according to the HIPPY statewide capacity building design. The agreement shall specify implementation goals including starting date and participation levels as agreed to by both parties. In the event that a school district or county office of education does not substantially meet the implementation requirements specified in the written agreement by February 1, 2003, its share may be redistributed as determined by the Superintendent of Public Instruction and the California HIPPY State Office with the approval of the Department of Finance through notification of the Legislature through the Section 28.00 notification process. Absent legislation approved in the 2002 Legislative Session, which specifies an alternative distribution process, funds shall be allocated under this provision as follows: (1) Los Angeles Unified School District (\$100,000), (2) Los Angeles County Office of

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- Education (\$100,000), (3) Santee School District (\$115,000), (4) San Diego Unified School District (\$340,000), (5) Contra Costa County Office of Education (\$75,000), (6) San Francisco Unified School District (\$100,000), (7) Santa Barbara Unified School District (\$85,000), and (8) Stanislaus County Office of Education (\$85,000).
- (e) Of the remaining funds available after meeting the requirements in (a) and (b) of this provision, \$1,732,000 shall be allocated for instructional materials and equipment for center-based programs and to improve resource lending libraries in resource and referral programs, and up to \$10,000,000 shall be allocated for facilities renovation and repair contracts necessary to meet health and safety standards and to comply with the federal Americans with Disabilities Act of 1990. Additional amounts that become available pursuant to Section 8278 beyond those specified herein, shall be used to fund Stage 3 Setaside costs if those costs exceed the amount specified in Schedule (2)(f).
- (f) The Controller shall establish an account entitled Section 8278 Expenditures in 2000 in 6110-196-0001, Program 30.10.060. Any unexpended General Fund balances as of June 30, 2002, or subsequent abatements, from those amounts listed in Schedules (1), (2)(a), (2)(b), (2)(c), (2)(d), (2)(g), (2)(h), (2)(i), (2)(j), (2)(k), (2)(l) and (2)(m) of this item, that are available pursuant to Section 8278 of the Education Code, shall be transferred to the account for the purpose of making expenditures pursuant to that section and as specified in this provision.
3. The State Department of Education shall report to the Joint Legislative Budget Committee and the Department of Finance, by March 31, 2003, the amount of child development funds, by program, that have been determined after audit to be unearned. The report shall include the settlement of claims payable by program from unearned contract fund balances. This provision includes both Federal Fund and General Fund contracts.

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4. (a) Notwithstanding any other provision of law, alternative payment child care systems shall be subject to the rates established in the Regional Market Rate Survey of California child care and development providers for provider payments. The 2002–03 fiscal year regional market rates for child care provider payments that apply to all child care provided by Alternative Payment Programs and CalWORKs child care shall be the rates in effect as of July 1, 2001. The State Department of Education and the State Department of Social Services, in consultation with the Department of Finance and the Legislative Analyst, shall develop a new survey methodology to be employed by future market rate surveys. The State Department of Education shall utilize a federal fund contract awarded on a competitive basis to conduct a market rate survey during the 2002–03 fiscal year.
- (b) The family copayment schedule for child care and development programs shall conform to all Education Code Provisions that may be implemented through legislation approved in the 2002 Legislative Session and shall first be approved by the Department of Finance in accordance with law. When approved, it shall be utilized by the State Department of Education, the Community Colleges, and the Department of Social Services where applicable.
5. The funds appropriated in this item for campus child care tax bailout shall be allocated by the State Department of Education based on a schedule provided by the Chancellor of the California Community Colleges. The chancellor shall schedule the allocation of these funds to community college districts that levied child care permissive override taxes in the 1977–78 fiscal year pursuant to Sections 8329 and 8330 of the Education Code in an amount equal to the property tax revenues, tax relief subventions, and state aid required to be made available by the district to its child care and development program for the 1979–80 fiscal year pursuant to Section 30 of Chapter 1035 of the Statutes of 1979, increased by any cost-of-living increases granted in subsequent fiscal years.

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<p>These funds shall be used only for the purpose of community college child care and development programs.</p> <p>6. Notwithstanding any provision of law to the contrary, higher educational institutions may establish and maintain child development programs on or near their respective campuses with priority for services given to children of students of that campus. Those higher educational institutions under contract with the State Department of Education for child care and development services shall be subject to the rules and regulations adopted by the Superintendent of Public Instruction except where those rules and regulations differ with respect to the conditions specified for the community colleges in Provision 11 of Item 6870-101-0001.</p> <p>7. Funds in Schedule (2)(l), along with funds allocated pursuant to Provision 2(b) of this item, shall be reserved for activities to improve the quality and availability of child care, pursuant to the following:</p> <p>(a) \$2,116,000 is for the schoolage care and resource and referral earmark.</p> <p>(b) \$11,933,000 is for the infant and toddler earmark and shall be used for increasing the supply of quality child care for infants and toddlers. Notwithstanding any other provision of law, expenditure plans and contract provisions for awarding these funds shall give high, but not exclusive, priority to the development of new family day care home providers, especially those who offer care during nontraditional hours such as weekends, evenings, and nights and who offer care for special needs children.</p> <p>(c) \$1,500,000 is for the five-year regional resource centers program initiated in the Budget Act of 1999 (Ch. 50, Stats. 1999) to develop capacity in underserved areas.</p> <p>(d) From the remaining funds, the following amounts shall be allocated for the following purposes: \$4,000,000 to train former CalWORKs recipients as child care teachers; \$9,804,000 in one-time funding available through 2004–05 for the primary purpose of outreach to all exempt providers for the purposes of providing training in prekindergarten</p>	



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learning and development guidelines developed pursuant to Section 8203.3 of the Education Code and health and safety training to be allocated after a plan has been approved by the Department of Finance; secondly, to augment funding for expanded Trustline registration workload for exempt family members as determined to be necessary in conjunction with the Department of Social Services; and lastly for development of a certification process to qualify exempt providers for incentives to improve developmental outcomes for the children that they serve; \$2,700,000 for contracting with the Department of Social Services for increased inspections of child care facilities; \$1,000,000 for Trustline registration workload (Ch. 3.35 (commencing with Sec. 1596.60), Div. 2, H. & S.C.); \$500,000 for health and safety training for licensed and exempt child care providers; \$320,000 for the Child Development Training Consortium; \$300,000 for the Health Hotline; and \$300,000 to implement a technical assistance program to child care providers in accessing financing for renovation, expansion, and/or construction of child care facilities.

- (e) The State Department of Education shall allocate \$425,000 to preschool education projects including, but not limited to, those operated by the public television stations in Redding, Sacramento, San Francisco, San Jose, Los Angeles, Fresno, and San Diego. Of this amount, the department shall allocate up to \$320,000 to public television stations in Redding, Sacramento, San Francisco, San Jose, and Los Angeles, based upon the satisfaction by the projects operated by the public television stations in each of those cities of all of the following criteria: (1) the 30-percent minimum match; (2) a plan that identifies the providers to be trained; (3) number of trainers to be trained; (4) the quality of the training offered; (5) linkages to the child care community; and (6) cost-effectiveness. The balance of the \$425,000 identified in this subdivision shall be made available to support projects in Fresno and San Diego, based upon the deter-

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mination by the State Department of Education of the satisfaction by the projects operated by the public television station in each of those cities of the criteria set forth in (1) to (6), inclusive, of this subdivision. As a condition of receiving funds as described in this subdivision in the 2002–03 fiscal year, each grantee that received funds in the 2001–02 fiscal year shall complete and submit to the State Department of Education, no later than March 1, 2003, an evaluation of the effectiveness of the project operated by the grantee in improving the quality of child care provided in the affected community.

- (f) \$30,000 shall be made available for a pre-school public television project in Eureka.
- (g) As required by federal law, the State Department of Education shall develop an expenditure plan that sets forth the final priorities and the reasons therefor if the final priorities are different from those approved in response to the reporting requirement contained in Provision 7(g) of Item 6110-196-0001 of Section 2.00 of the Budget Act of 2001 (Ch. 106, Stats. 2001). This plan shall be submitted to the Department of Finance by September 1, 2002, and funds shall not be encumbered prior to approval of the plan by the Department of Finance. The State Department of Education shall coordinate with the Department of Social Services, the California Children and Families State Commission, and other applicable entities to identify annual statewide expenditures for quality enhancements which qualify for meeting federal requirements, and shall reference these expenditures in its biennial federal quality plans or any subsequent amendments.
- (h) The State Department of Education shall establish expenditure priorities for the 2003–04 fiscal year that set forth the proposed state and local activities to improve child care, including the reasons therefore, to be undertaken in the 2003–04 fiscal year. This plan shall be submitted in a format developed in consultation with the Department of Finance and shall be submitted to the Department of

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- Finance and to the fiscal committees of both houses at least 30 days prior to the commencement of public hearings on the proposed plan and no later than March 1, 2003.
- (i) \$15,000,000 from the General Fund shall be for child care worker recruitment and retention programs as specified by Chapter 547, Statutes of 2000.
8. (a) If the federal funds available pursuant to Provision 10 of Item 6110-196-0001 of Section 2.00 of the Budget Act of 1997 (Ch. 282, Stats. 1997) have not been transferred to Item 6110-001-0001 of Section 2.00 of this act by June 30, 2002, those funds shall be available in the 2002–03 fiscal year for (a) interim data reporting as approved by the Department of Finance, and, (b) for the same purposes and subject to the same conditions, including FSR development, and reporting requirements otherwise applicable to Item 6110-196-0001 and Item 6110-001-0890 of Section 2.00 of the Budget Act of 1997 (Ch. 282, Stats. 1997).
- (b) No later than August 31, 2001, the State Department of Education (SDE) shall convene a data collection task force composed of representatives of the SDE, the Legislative Analyst, the chairs and vice chairs of the appropriate fiscal and policy committees of the Legislature, the Department of Social Services, the Senate Office of Research, the Joint Legislative Audit Committee, the Department of Finance, child care providers, and other stakeholders as defined by the task force. The task force shall advise the SDE on the implementation of the interim data collection system and development and implementation of the long-term data collection system. The task force members shall provide advice concerning any associated feasibility study reports and requests for proposals, assist the SDE in designing systems that generate policy-relevant information, establish timelines for project completion, and monitor progress toward project completion. Any company or individual who participates in the task force or in an advisory capacity to the task force shall not be eligible to bid for the development of

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the system. In the development of this system, the SDE shall contract for a risk assessment of the project. The SDE shall provide copies of any status reports it is required to send to the United States Department of Health and Human Services, as well as any feasibility study reports and requests for proposals, to each of the task force participants. If the interim system and long-term system are not fully discussed in those reports, the SDE shall provide supplementary reports to the members of the task force on October 1, 2001, and March 1, 2002, regarding progress toward completion of the projects. It is the intent of the Legislature that the SDE take all necessary steps to comply with federal reporting requirements in a timely fashion.

- (c) The State Department of Education shall, to the extent practicable as recommended by the Legislative Analyst's office and the Department of Finance, and in collaboration with the Data Collection Task Force, ensure that any long-term data collection system adopted by the department is able to collect the data specified by Provision 8(c)(6) of Item 6110-196-0001 of the Budget Act of 2000 (Ch. 52, Stats. 2000).
- (d) For purposes of ensuring adequate data for policy consideration, management of the current year budget, and development of the child care budget for the 2003-04 fiscal year, with special emphasis on CalWORKs case-load driven programs, it is the intent of the Legislature that the SDE utilize funds made available pursuant to subdivision (a) above for interim data collection to finance any surveys or sampling activities needed to augment state staff capabilities in meeting requirements specified herein and as clarified or amended by the Department of Finance. It is legislative intent that the SDE expedite any contracting necessary to fulfill the data requirements of this subdivision. It is recognized that the CalWORKs child care programs present unique challenges requiring the cooperation of the two implementing state agencies with the Department of Finance to

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annually determine a budgetary plan and to determine any midyear adjustments which may be advisable. Therefore, the following requirements shall apply:

- (1) The State Department of Education shall maintain an improved allocation, contracting, and reimbursement system for CalWORKs Stage 2 and Stage 3 Setaside funding to ensure funds are distributed in proportion to statewide needs. These needs shall recognize attrition experience and family fees collected at the local level which shall be counted toward the funding available to meet those needs. The department shall conduct monthly analyses of caseloads and expenditures and adjust agency contract maximum reimbursement amounts and allocations as necessary to ensure funds are distributed proportional to need. The department shall share monthly caseload analyses with the Department of Social Services.
- (2) The department shall provide quarterly reports on the sufficiency of funding for Stage 2 and Stage 3 Setaside to the Department of Finance, the Department of Social Services (DSS), and the Legislative Analyst's Office. The department shall provide caseloads, expenditures, allocations, unit costs, family fees, and other key variables and assumptions used in determining the sufficiency of state allocations. Detailed backup by month and on a county-by-county basis shall be provided to the DSS at least on a quarterly basis for comparisons with Stage 1 trends.
- (3) Any request from the child care reserve shall be based on the information and analyses pursuant to the preceding paragraphs and shall be made jointly and coordinated with the DSS to eliminate duplication. In order to facilitate coordination, detailed backup by month and on a county-by-county basis, if different from quarterly data provided pursuant to the

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previous paragraph, shall be provided to the DSS to facilitate its analyses and comparison of overall CalWORKs caseloads and related child care needs.

- (4) By September 15, 2002, and March 15, 2003, the department shall ensure that detailed caseload and expenditure data, through the most recent period for Stage 2 and Stage 3 Setaside along with all relevant assumptions, is provided to DSS to facilitate budget development and the May Revision, respectively. The detailed data provided shall include actual and projected monthly caseload from Stage 2 scheduled to time off of their transitional child care benefit from the last actual month reported by agencies through the 2004–05 fiscal year as well as local attrition experience. DSS shall utilize data provided by the State Department of Education (SDE), including key variables from the prior fiscal year and the first two months of the 2002–03 fiscal year, to provide coordinated estimates in November 2002 for each of the three stages of care for preparation of the 2003–04 Governor’s Budget, and shall utilize data from the first two quarters of the 2002–03 fiscal year for preparation of the 2003 May Revision. DSS shall share its assumptions and methodology with SDE in the preparation of the 2003–04 Governor’s Budget.
- (5) As deemed necessary by the department for counties where there is more than one Alternative Payment Program participating in CalWORKs child care programs, county welfare departments shall participate jointly with the Alternative Payment Programs, as applicable, to jointly determine the amount of funds initially distributed to each Alternative Payment Program. However, the State Department of Education may adjust these allocations at any time for providers deemed by the State Department of Education to be on conditional status and shall adjust the al-

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locations as necessary to ensure a distribution of funding proportional to each alternative payment provider's documented need pursuant to the analysis specified in this provision.

- (6) Upon request by the Department of Finance, the State Department of Education shall determine, through survey or mandatory reporting, and through use of consultant services as necessary, requested information (such as selected updates of data collected pursuant to Provision 8(c)(6) of the Budget Act of 2000 (Ch. 52, Stats. 2000)) which shall be provided to the Department of Finance for use in 2003-04 budget development.
  - (e) The State Department of Education (SDE) and the State Department of Social Services (DSS) in consultation with the Department of Finance shall administer a survey of current child care practices and trends to update and adjust the information provided pursuant to Provision 8(c)(6) of Item 6110-196-0001 of the 2000 Budget Act (Ch. 52, Stats. 2000). A new survey tool, along with the data collection methodology and target populations, shall be developed by SDE and DSS, in consultation with the Legislative Analyst, and shall be approved by the Department of Finance. SDE and DSS shall jointly complete the administration of the survey and the collection of the results. By October 30, 2002, SDE and DSS shall make available to the Directors of DSS and the Department of Finance and the Legislative Analyst the complete data files to be used for analysis of child care policy. The costs of administering the survey, collecting survey data, and preparing an accurate data file shall be funded from funds set aside for interim data collection in Provision 8(a) of this item.
9. (a) The Department of Finance is authorized to augment the appropriation in this item for CalWORKs Stage 3 Setaside funding upon demonstration by the State Department of

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- Education that additional funding is necessary to serve the caseload specified in Provision 9(b). The Department of Finance shall provide written notification to the chairperson of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee at the time such augmentation is approved.
- (b) Notwithstanding any other provision of law, the funds in Schedule (2)(f) for Stage 3 Setaside are reserved exclusively for continuing child care through June 30, 2003 for: (1) former CalWORKs families who are working, have left cash aid and have exhausted their two-year eligibility for transitional services in either Stage 1 or 2 pursuant to subdivision (c) of Section 8351 or Section 8353 of the Education Code, respectively, but still meet eligibility requirements for receipt of subsidized child care services; and (2) families who received lump-sum diversion payments or diversion services under Section 11266.5 of the Welfare and Institutions Code and have spent two years in Stage 2 off of cash aid, but still meet eligibility requirements for receipt of subsidized child care services.
10. Nonfederal funds appropriated by 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.
11. In recognition of the economies of scale that occur as contract amounts have been multiplied since 1996-97, it is the intent of the Legislature that administrative and support services allowances for alternative payment contractors be limited to no more than 25 percent of the direct cost-of-care payments to child care providers. Therefore, notwithstanding any other provision of law or regulation, the State Department of



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- Education shall ensure that contract provisions conform to this intent for Alternative Payment Program, Stage 2, and Stage 3 Setaside child care contracts funded through Schedules (2)(d), (2)(e) and (2)(f) of this item.
12. Notwithstanding Section 26.00 of this act, the funds appropriated in Schedule (4) of this item, for child development cost-of-living adjustments, is for transfer to Schedules (1), (2)(a), (2)(b), (2)(c), (2)(d), (2)(g), (2)(h), (2)(i), (2)(j), and (2)(m) within this item. However, COLA for Schedules (2)(a) and (2)(d), General Child Care and Alternative Payment Program, shall be based upon the 2001–02 base rate and shall be limited to \$12,089,000 and \$4,164,000, respectively. Upon application of the 2002–03 COLA, the maximum standard reimbursement rate shall not exceed \$28.14 per day for General Child Care programs and \$17.96 per day for State Preschool. Furthermore, the Community College Match, the Migrant Child Care, and the CalSAFE Child Care programs shall adhere to the maximum standard reimbursement rates as prescribed for the General Child Care programs. All other rates and adjustment factors shall be revised to conform.
  14. Of the funds in Schedule (2)(c) of this item, up to \$5,000,000 may be used to establish or continue a pilot Migrant Alternative Payment Network Program for central valley counties. This program shall comply with the requirements approved pursuant to Provision 18 of Item 6110-196-0001 of Section 2.00 of the Budget Act of 1998 (Ch. 324, Stats. 1998).
  15. Notwithstanding any other provision of law, it is the intent of the Legislature that unearned contract amounts from General Funds or Federal Funds appropriated for CalWORKs Stage 2 and Stage 3 Setaside in any prior year be used to offset direct service costs in CalWORKs Stage 2 child care in the 2000–01 fiscal year and each year thereafter. Therefore, in order to account for these funds in determining the budget, the Department of Education shall disencumber any amounts in excess of a three-percent reserve of the original contract amount for each unaudited

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<p>contract and shall provide a report by September 1, 2002, and April 1, 2003 of the available balances to the Department of Finance. The Department of Education shall ensure child care audits are closed out in a timely fashion to ensure savings are available in the fiscal year budget following initial appropriation.</p>	
<p>6110-196-0890—For local assistance, Department of Education, for payment to Item 6110-196-0001, payable from the Federal Trust Fund .....</p>	890,628,000
<p>Provisions:</p> <ol style="list-style-type: none"> <li>1. Notwithstanding any other provision of law, the funds appropriated in this item, to the extent permissible under federal law, are subject to Section 8262 of the Education Code.</li> <li>2. The funds appropriated in this item include the federal Child Care and Development Block Grant and are contingent upon receipt of that federal grant.</li> <li>3. Of the funds appropriated in this item, \$12,829,000 in federal Child Care and Development Block Grant funds appropriated by the federal government prior to the 2002 federal fiscal year shall be available on a one-time basis for Stage 2 (\$1,990,000), on a one-time basis for Stage 3 (\$1,030,000), and for Quality Projects (\$9,804,000) as specified in Provision 7(d) of Item 6110-196-0001.</li> <li>3.5 Of the funds appropriated in this item, \$14,115,000 is available on a one-time basis for Stage 3 child care. This funding reflects \$7,367,000 made available on a one-time basis by a federal reallocation and \$6,748,000 from the 2001–02 share of an increase in the Child Care and Development Block Grant for the 2002 federal fiscal year.</li> <li>4. Of the funds appropriated in this item, \$351,661,000 is from the transfer of funds from the federal Temporary Assistance for Needy Families (TANF) Block Grant administered by the State Department of Social Services to the federal Child Care and Development Block Grants (CCDBG) for Stage 2 child care. This amount may be increased by transfer from the CalWORKs child care reserve pursuant to Item 5180-401 of this act, except that funds shall not be first transferred to the Child Care Development</li> </ol>	

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<p>Block Grant if those transfers result in an increase to the federal quality requirements beyond the level currently budgeted for quality activities.</p> <p>5. Provision 9 of Item 6110-196-0001 also applies to this item.</p>	
<p>6110-197-0001—For local assistance, Department of Education (Proposition 98), Program 20.60.100—Instructional Support-Improving School Effectiveness—Intersegmental Programs.....</p>	2,023,000
<p>Provisions:</p> <p>1. The funds appropriated by this item are for transfer by the Controller to Section A of the State School Fund, for allocation by the Superintendent of Public Instruction to school districts, county offices of education, and other educational agencies for purposes of the Proposition 98 programs in this item, in lieu of the amounts otherwise provided for those programs by statute.</p> <p>2. Of the funds appropriated by this item, \$27,000 is for the purpose of making adjustments for increases in average daily attendance at a rate of 1.37 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$40,000 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 2.00 percent.</p>	
<p>6110-197-0890—For local assistance, Department of Education, payable from the Federal Trust Fund, 21st Century Community Learning Centers .....</p>	40,867,000
<p>Schedule:</p> <p>(1) 30.10.080-Special Program, Child Development, 21st Century Community Learning Centers.....</p>	40,867,000
<p>Provisions:</p> <p>1. It is the intent of the Legislature that the 21st Century Community Learning Centers complement the existing Before and After School Learning and Safe Neighborhoods Partnerships Program pursuant to Article 22.5 (commencing with Section 8482.5) of Chapter 2 of Part 6 of Division 1 of the Education Code utilizing the existing per pupil rates and grant caps specified in that article and provide the local flexibility needed to implement this federal program through direct grants as specified herein.</p>	

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2. Of the funds appropriated in this item, funds shall only be available for expenditure in the amounts specified and for the purposes identified herein:
  - (a) \$1,000,000 shall be available to the State Department of Education for purposes of providing technical assistance, evaluation and training services, as the department shall determine necessary.
  - (b) Up to \$3,500,000 shall be available for direct grants for programs serving middle and elementary school pupils for providing equitable access to and participation in programs according to needs determined by the local community. These direct grants shall be in accordance with the federal 21st Century Community Learning Centers Program requirements as determined by the department. No direct grant shall exceed \$25,000 per school-site per year. Consistent with the local partnership approach inherent in the intent of Article 22.5 (commencing with Section 8482.5) of Chapter 2 of Part 6 of Division 1 of the Education Code, these direct grants are intended to provide additional assistance to programs, and not necessarily to fund the full anticipated costs of these services. In determining fiscal hardship, these grants shall be based on a needs assessment and determination that existing resources are not available to meet these needs, including, but not limited to, a description of how the needs, strengths, and resources of the community have been assessed; what resources are currently available; and why there may be a need for additional resources for that purpose. To be eligible to receive these funds, the designated public agency representative for the applicant shall be required to certify that an annual fiscal audit will be conducted and adequate, accurate records will be kept. In addition, an assurance that the funds were expended only for those services and supports for which they were granted will be required. Award of these direct grants shall be based on a justification for specific uses. Annual budget reports shall be required and the department shall have the authority to withhold

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funds in subsequent years if direct grant funds are expended for purposes other than as awarded.

- (c) Up to \$1,000,000 shall be available for direct grants of up to \$20,000 per schoolsite per year for providing family literacy services only to those schoolsites that identify such a need for families of 21st Century Community Learning Center Program students and that demonstrate a fiscal hardship by certifying that existing resources such as, but not limited to, funding for Title III federal programs, Proposition 227, adult education, community college, and Even Start are not available or are not sufficient to serve these families. An assurance that the funds were expended only for those services and supports for which they were granted will be required.
- (d) Of the remaining funds appropriated in this item, \$2,500,000 shall be allocated on a priority basis for grants to programs serving high school pupils, and the remainder shall be allocated on a priority basis for programs for middle and elementary school pupils.
- (e) Grant awards are restricted to only those applications that propose to primarily serve pupils that attend schools that are identified as Title I schoolwide programs. Competitive priority shall be given to applications that propose to serve children and youth in schools designated in need of improvement under Section 1116 of Part A of Title I of the No Child Left Behind Act of 2001 (P.L. 107-110) and that are jointly submitted by school districts and community-based organizations. Applications to serve students in programs that have received grants under Article 22.5 (commencing with Section 8482.5) of Chapter 2 of Part 6 of Division 1 of the Education Code shall be funded only when proposing to expand in additional schools or to add students to a currently funded schoolsite.
- (f) Core funding grants for programs serving middle and elementary school pupils in before and after school programs shall conform to the per pupil rates and grant caps established in

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- Article 22.5 (commencing with Section 8482.5) of Chapter 2 of Part 6 of Division 1 of the Education Code for similar state-funded programs. Funding for each grant will be allocated in annual increments for a period not exceeding five years. First year grant award of core funding will be fully earned through at least 70 percent of the proposed pupil attendance. Second year core funding will be fully earned through at least 85 percent of the proposed pupil attendance. Subsequent years core funding shall be earned through 100 percent pupil attendance. Each grantee shall be required to identify the federal, state, and local programs that will be combined or coordinated with the proposed program for the most effective use of public resources and to describe a plan for continuing the program beyond federal grant funding. Grantees shall be required to submit annual attendance data and results to facilitate evaluation and compliance with provisions established by the department. Programs receiving grants under this item are not assured of grant renewal from future state or federal funding at the conclusion of the grant period.
- (g) A total annual grant award for core funding and direct grants serving a middle or elementary schoolsite shall be no less than \$50,000 per year consistent with federal requirements.
  - (h) Grants for programs serving high school pupils at schoolsites or sites of other organizations, as determined eligible by the State Department of Education and consistent with the provisions of the 21st Century Community Learning Centers Program, shall be available as an annual minimum grant of \$50,000 per year. Grant funding above the minimum shall be determined in proportion to the average daily attendance of the high school program site or sites to be served and other factors such as, but not limited to, proposed attendance and effective use of resources as determined by the department up to \$250,000 per year for five years. A grantee that establishes

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a high school program pursuant to this subdivision will be subject to annual reporting and recertification as required by the department. After the second year the department shall reduce funding of programs in which actual attendance is significantly below targeted attendance levels. An evaluation of the program funded pursuant to this subdivision shall be submitted 180 days after the completion of the second year of the program. The department shall provide the results of that evaluation and work with the Legislature, the Department of Finance, program providers, and other stakeholders to adopt or restructure a high school after school program for California that is both programmatically and fiscally sound. Grantees will be eligible for fourth and fifth year funding consistent with the restructured requirements. Each grantee shall be required to identify the federal, state, and local programs that will be combined or coordinated with the proposed program for the most effective use of public resources and to describe a plan for continuing the program beyond federal grant funding. Grantees shall be required to submit annual attendance data results to facilitate evaluation and compliance with provisions established by the department. Programs receiving grants under this item are not assured of grant renewal from future state or federal funding at the conclusion of the grant period.

- (i) Earned but unexpended funds may be carried forward to subsequent years consistent with federal requirements. In year one, the full grant may be retained.
- (j) The provisions of this item shall become inoperative in the event federal funds are not made available for this purpose. It is the intent of the Legislature that the provisions of this item not be considered a precedent for General Fund augmentation of either this state-administered, federally funded program or any state-funded before or after school program.

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6110-198-0001—For local assistance, Department of Education (Proposition 98), for transfer by the Controller to Section A of the State School Fund, for allocation to school districts and county offices of education, in lieu of the amount that otherwise would be appropriated pursuant to statute.....	48,846,000
Schedule:	
(1) 20.60.220-CalSAFE Academic and Supportive Services.....	13,259,000
(2) 30.10.020-CalSAFE Child Care .....	22,589,000
(3) 20.60.221-All Services for Non-converting Pregnant Minor Programs .....	12,998,000
Provisions:	
1. Notwithstanding any other provision of law, a school district or county superintendent of schools operating, by October 1, 1999, a School Age Parent and Infant Development Program pursuant to Article 17 (commencing with Section 8390) of Chapter 2 of Part 6, a Pregnant Minors Program pursuant to Chapter 6 (commencing with Section 8900) of Part 6 and Section 2551.3, or a Pregnant and Lactating Students Program pursuant to Sections 49553 and 49559, or any combination thereof, that chooses to participate in the CalSAFE program shall have priority for CalSAFE program funding for an amount up to the dollar amount provided under those provisions in the fiscal year prior to participation in the CalSAFE program, provided an application is submitted and approved.	
2. The amounts in Schedules (1), (2), and (3) of this item are based on estimates of the amounts required by existing programs for operation of CalSAFE programs in 2002–03. By October 31, 2002, the Department of Education shall submit to the Department of Finance current expenditure data for 2001–02 and 2002–03 showing each agency’s allocation and supporting detail including average daily attendance and child care attendance and enrollment data. The State Department of Education shall also provide estimates of average daily attendance and child care to be provided in 2003–04.	
3. Schedule (3) above is to provide funding for all child care, as well as both academic and support-	



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ive services for programs choosing to retain their Pregnant Minor Program revenue limit. Notwithstanding any other provision of law, the department shall compute allocations to these agencies using the respective agencies' 1998-99 Pregnant Minor Program revenue limits. Further, notwithstanding any other provision of law, programs which choose to retain their Pregnant Minor revenue limit rather than convert to the CalSAFE revenue limit must provide child care within the revenue limit funding for children of students comprising base year average daily attendance. To the extent additional units of average daily attendance are authorized by the department for growth for these agencies, academic and supportive services reimbursement for such growth shall be computed using the new CalSAFE revenue limit. Growth funding for the child care component shall be equal to the proportionate share of total child care costs for the specific agency's program as determined by dividing the authorized growth in student average daily attendance by the total authorized average daily attendance.

6110-200-0001—For local assistance, Department of Education (Proposition 98), Program 20.60.037 Healthy Start Support Services for Children Act..... 19,000,000  
Provisions:

1. The amount appropriated in this item is for 2002-03 planning grants and the first year costs of operational grants awarded in fiscal year 2002-03. It is the intent of the Legislature that the second year costs of operational grants awarded in 2002-03 be appropriated in the fiscal year 2003-04 Budget Act and the third year costs for these grants be appropriated in the 2004-05 Budget Act. First priority for these funds shall be given to operational grants.

6110-201-0001—For local assistance, Department of Education (Proposition 98)..... 1,000,000  
Schedule:

- (1) 30.20-Child Nutrition ..... 1,800,000
- (2) Reimbursements ..... -800,000

Provisions:

1. Notwithstanding any other provision of law, the amount appropriated in this item is for the pur-

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pose of providing grants to school districts and county superintendents of schools during the 2002–03 school year for school breakfast program startup grants pursuant to Section 49550.3 of the Education Code, and for nonrecurring expenses incurred by a school district or county office of education in initiating or expanding a Summer Food Service Program for children pursuant to Section 49547.5 of the Education Code following criteria developed by the State Department of Education.	
6110-201-0890—For local assistance, Department of Education, Program 30.20-Child Nutrition, payable from the Federal Trust Fund.....	1,413,656,000
Schedule:	
(1) 30.20.010-Child Nutrition .....	1,385,706,000
(2) 30.20.040-Summer Food Service Program.....	27,950,000
6110-202-0001—For local assistance, Department of Education .....	12,765,000
Schedule:	
(1) 30.20.010-Child Nutrition.....	16,765,000
(2) Reimbursements.....	-4,000,000
Provisions:	
1. Funds appropriated in Schedule (1) of this item are for child nutrition programs pursuant to Section 41311 of the Education Code. Claims for reimbursement of meals pursuant to this appropriation shall be submitted no later than September 30, 2003, to be eligible for reimbursement.	
2. Notwithstanding any other provision of law, except as provided in this provision, funds appropriated in Schedule (1) of this item shall be available for allocation in accordance with Section 49536 of the Education Code, except that the allocation shall not be made based on all meals served, but based on the number of meals that are served and that qualify as free or reduced-price meals in accordance with Sections 49501, 49550, and 49552 of the Education Code.	
3. The funds appropriated in Schedule (2) of this item shall be used to fund the entire life of the child nutrition pilot program known as LEAF (Linking Education, Activity, and Food), including grants to local educational agencies as well as incrementally enhanced per-meal reimbursements	

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<p>for eligible pilot participants as specified in Section 49433.7 of the Education Code.</p> <p>6110-202-0890—For local assistance, Department of Education, Program 10.10-School Apportionments, New School Renovation Program, payable from the Federal Trust Fund .....</p>	138,524,000
Provisions:	
<ol style="list-style-type: none"> <li>1. Of the funds appropriated in this item, 75 percent is to be used for competitive grants to local education agencies for school renovation and repair activities, with highest priority funding given to high poverty schools, and rural local education agencies (LEAs). These funds shall be available for funding school renovation applications received by the Office of Public School Construction.</li> <li>2. Of the funds appropriated in this item, 25 percent shall be distributed to LEAs through competitive grant processes for either funding special education activities in accordance with Part B of the Federal Individuals with Disabilities Education Act (IDEA), or technology activities related to school renovation.</li> <li>3. The State Department of Education may expend up to one percent, as prescribed by the federal program requirements, of the total grant award for state operations costs consistent with the plan approved by the Department of Finance in 2002.</li> <li>4. The State Department of Education shall submit a report on the use of funds received by LEAs pursuant to this item to the Legislature, the Governor, and the Department of Finance, no later than December 31, 2003.</li> </ol>	
<p>6110-203-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 30.20.010-Child Nutrition Programs, established pursuant to Sections 41311, 49536, 49501, 49550, 49552, and 49559 of the Education Code .....</p>	71,632,000
Provisions:	
<ol style="list-style-type: none"> <li>1. Funds appropriated by this item shall be allocated pursuant to Section 41311 of the Education Code. Claims for reimbursement of meals pursuant to this allocation shall be submitted by school districts on or before September 30, 2003, to be eligible for reimbursement.</li> </ol>	

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<ul style="list-style-type: none"> <li>2. Notwithstanding any other provision of law and except as otherwise provided in these provisions, funds designed for child nutrition programs by this item shall be allocated in accordance with Section 49536 of the Education Code; however, that the allocation shall be based not on all meals served, but on the number of meals that are served and that qualify as free or reduced-price meals in accordance with Sections 49501, 49550, and 49552 of the Education Code.</li> <li>3. Of the funds appropriated by this item, \$1,420,000 is for the purpose of providing a cost-of-living adjustment at a rate of 2.00 percent.</li> </ul>	
<p>6110-204-0001—For local assistance, Department of Education (Proposition 98), Program 10.10.014, for transfer to Section A of the State School Fund, for 7th and 8th Grade Math Academies, pursuant to Chapter 17 (commencing with Section 53091) of Part 28 of the Education Code .....</p>	12,760,000
<p>Provisions:</p> <ul style="list-style-type: none"> <li>1. Notwithstanding any other provision of law, for the 2002–03 fiscal year the Superintendent of Public Instruction shall allocate a minimum of \$7,406 for intensive instructional algebra academies in each school district for which the prior fiscal year enrollment of pupils in grades 7–8 was greater than zero but less than 333 and that, in the 2002–03 fiscal year, offers at least 1,500 hours of supplemental algebra instruction pursuant to this item. 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, intensive instructional algebra academies means programs authorized under Section 53082 of the Education Code.</li> <li>2. Notwithstanding any other provision of law, the rate of reimbursement shall be \$3.45 per hour of supplemental instruction.</li> </ul>	
<p>6110-205-0001—For local assistance, Department of Education (Proposition 98), Program 10.10.140-Elementary School Intensive Reading Program, for transfer to Section A of the State School Fund, for programs pursuant to Section 42239.1 of the Education Code .....</p>	30,549,000

Item		Amount
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Provisions:

1. Notwithstanding any other provision of law, the rate of reimbursement shall be \$3.45 per hour of supplemental instruction.
3. Notwithstanding any other provision of law, the Superintendent of Public Instruction may authorize not more than 20 school districts to claim and implement funding appropriated by this item as a block grant for the purposes of providing intensive reading instruction to students in kindergarten and grades 1 to 4, inclusive. The Superintendent of Public Instruction shall select districts to reflect geographic distribution and include small, medium, and large districts. No district may receive more than the amount it received during the 2001–02 fiscal year as adjusted for cost-of-living increases for the Elementary School Intensive Reading Program, but the district shall receive that amount as a block grant rather than as an hourly reimbursement. As part of a district’s application, a district may request and the Superintendent of Public Instruction may approve waivers of specific requirements of the Elementary School Intensive Reading program. Each participating district shall report data to the Superintendent of Public Instruction in the form and in accordance with deadlines required by the Superintendent of Public Instruction in order to report to the Legislature on the advantages and disadvantages of the block grant approach. The Legislative Analyst shall, in consultation with the California Department of Education, review the submitted data and report to the Legislature no later than December 15, 2003, on the advantages and disadvantages of the block grant approach and make recommendations to the Legislature regarding the continuation or modification of this budget language.

6110-208-0001—	For local assistance, Department of Education (Proposition 98), Program 20, for allocation to the Center for Civic Education.....	250,000
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Provisions:

1. The funds appropriated in this item are for the purpose of implementing a middle school and junior high school civic education program.

Item	Amount
6110-209-0001—For local assistance, State Department of Education (Proposition 98), Program 10.10.090.002-Teacher Dismissal Apportionments, for transfer to Section A of the State School Fund and allocation by the Controller for payment of claims received pursuant to Section 44944 of the Education Code .....	40,000
Provisions:	
1. Of the funds appropriated in this item, \$400 is for the purpose of making adjustments for increases in average daily attendance at a rate of 1.37 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$800 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 2.00 percent.	
6110-211-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Program 20.60.036 for Categorical Programs for charter schools.....	49,721,000
Provisions:	
1. Funds appropriated in this item are for the purpose of funding additional costs of categorical funding for charter schools pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of the Education Code as amended pursuant to legislation enacted in the 2001–02 Legislative Session.	
2. The Department of Education shall provide an estimate of ADA expected to be claimed for this item for fiscal year 2003–04 to the Department of Finance by October 1, 2002, for use in developing the 2003–04 Governor’s Budget. The Department of Education shall provide an update of the estimate by March 31, 2003, for preparation of the May Revision.	
6110-212-0001—For local assistance, Department of Education (Proposition 98), Program 20.60-High-Risk Youth Education and Public Safety Program...	18,000,000
Provisions:	
1. The funds appropriated in this item are for transfer by the Controller to Section A of the State School Fund, for allocation by the State Department of Education to school districts and county	

Item	Amount
offices of education for costs incurred for the High-Risk First-Time Offenders Program and the Transitioning High-Risk Youth Program pursuant to Article 1 (commencing with Section 47760) of Chapter 2 of Part 26.95 of the Education Code.	
6110-223-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund .....	78,000,000
Provisions:	
1. Of the amounts appropriated in this item, \$36,000,000 is for the purpose of mitigating the Public Employees’ Retirement System offset to school district and county office of education revenue limits. Allocation of these funds is contingent on legislation to be enacted on or before January 1, 2003.	
2. Of the amounts appropriated in this item, \$42,000,000 is for the purpose of providing an equalization adjustment to school district revenue limit apportionments. Allocation of these funds is contingent on legislation to be enacted on or before January 1, 2003.	
6110-224-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Year Round School Grant Program established pursuant to Article 3 (commencing with Section 42260) of Chapter 7 of Part 24 of the Education Code .....	84,147,000
Schedule:	
(1) 10.10.950.001-Implementation grants pursuant to Section 42262 of the Education Code .....	1,447,000
(2) 10.10.950.002-Operations grants....	82,700,000
Provisions:	
1. The following provisions govern funds appropriated for the Year Round School Grant Program (Art. 3 (commencing with Sec. 42260), Ch. 7, Pt. 24, Ed. C.):	
(a) Applications for year-round school grants pursuant to Sections 42262 and 42263 of the Education Code shall be received annually by the Superintendent of Public Instruction no later than September 1 of the year for which payment is sought; applications received after that date may not be processed. If the funds	

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available for a fiscal year are insufficient to fully fund all eligible grants pursuant to Sections 42262 and 42263 of the Education Code, the superintendent shall at that time provide all approved claims with a prorated share of the funds made available for those grants pursuant to this item.

- (b) If a school district receives state reimbursement that is specifically attributable to the cost of operating schools on a year-round basis pursuant to a court-ordered or voluntary integration program, the district shall be eligible for any portion of the allowances for year-round school grants pursuant to Sections 42262 and 42263 of the Education Code for the 2002–03 fiscal year, but only to the extent that the district incurs costs in the 2002–03 fiscal year specifically attributed to operating schools on a year-round basis, as audited and approved by the Controller, that exceed claims submitted for state reimbursement and are deemed by the Controller to be allowable costs for that year-round operation pursuant to Sections 42243.6 and 42249 of the Education Code for the 2002–03 fiscal year. Funds may be distributed during the 2002–03 fiscal year pursuant to this provision. However, the Controller shall audit, and may make adjustments to, the funds distributed under this item in future years.

- 2. Of the funds appropriated in this item, \$1,115,000 is for the purpose of providing an adjustment for growth at a rate of 1.37 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$1,649,000 is for the purpose of providing a cost-of-living adjustment at a rate of 2.00 percent.

6110-226-0001—For local assistance, Department of Education (Proposition 98)..... 14,608,000

Schedule:

- (1) 20.60.020.001-Partnership Minigrants/Safe School Planning.. 628,000
- (2) 20.60.020.012-Conflict Resolution . 280,000
- (3) 20.60.020.013-School Community Violence Prevention ..... 700,000



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(4) 20.60.020.008-School Community Policing .....	10,000,000
(5) 20.60.020.016-Safety Plans for New Schools .....	3,000,000
Provisions:	
1. The funds appropriated in Schedule (5) are available for developing School Safety Plans pursuant to Chapter 996 of the Statutes of 1999 and are to be allocated through an application process as determined by the Department of Education.	
6110-228-0001—For local assistance, Department of Education, for transfer to Section A of the State School Fund for allocation by the Controller (Proposition 98), Program 20.60.020.011-School Safety....	82,087,000
Provisions:	
1. Of the funds appropriated in this item, \$81,087,000 is available to fund block grants for middle and junior high schools and high schools that serve grades 8 to 12, inclusive, pursuant to Chapter 51, Statutes of 1999.	
2. Of the funds appropriated in this item, \$1,000,000 shall be made available for County Offices of Education pursuant to Chapter 645, Statutes of 1999.	
6110-229-0001—For local assistance, Department of Education (Proposition 98), Program 20.60.090-Teacher Recruitment Centers.....	9,400,000
Provisions:	
1. These funds are to be allocated to the Sacramento County Office of Education to establish and oversee Teacher Recruitment Centers in five regions for the purpose of increasing the hiring of fully credentialed teachers in low-performing schools, pursuant to Chapter 3.44 (commencing with Section 44751) of the Education Code.	
6110-232-0001—For local assistance, Department of Education (Proposition 98) for transfer to Section A of the State School Fund, Program 10.26, Program to Reduce Class Size in Two Courses in Grade 9 pursuant to Chapter 6.8 (commencing with Section 52080) of Part 28 of the Education Code .....	110,185,000
Provisions:	
1. Schools participating in this program shall receive a per-pupil rate of \$180 pursuant to Section 52086 of the Education Code.	

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6110-234-0001—For local assistance, Department of Education (Proposition 98), Program 10.25, for transfer by the Controller to Section A of the State School Fund, for allocation by the Superintendent of Public Instruction for the Class Size Reduction Program pursuant to Chapter 6.10 (commencing with Section 52120) of Part 28 of the Education Code.....	1,659,336,000
Provisions:	
1. Of the funds appropriated in this item, \$35,988,000 is provided for a cost-of-living adjustment (COLA) at a rate of 2.00 percent. Schools participating in Option One shall receive a per-pupil rate of \$906. Schools participating in Option Two shall receive a per-pupil rate of \$453.	
6110-235-0001—For local assistance, Department of Education (Proposition 98), Program 20.80 for transfer by the Controller to Section A of the State School Fund, for allocation by the Superintendent of Public Instruction for supplemental grants pursuant to Sections 54761.2 and 54761.3 of the Education Code..	241,739,000
Provisions:	
1. Of the funds appropriated in this item, \$3,203,000 is for the purpose of providing an adjustment for growth at a rate of 1.37 percent. If growth funds are insufficient, the State Department of Education may adjust the per-pupil growth rates to conform to available funds. Additionally, \$4,740,000 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 2.00 percent.	
2. The funds appropriated in this item shall be allocated by the Superintendent of Public Instruction to participating school districts in accordance with a schedule maintained by the State Department of Education.	
6110-240-0001—For local assistance, Department of Education (Proposition 98).....	7,571,000
Schedule:	
(1) 10.80.030-Instruction: International Baccalaureate Program.....	1,071,000
(2) 20.10-Instructional Support: Curriculum Services .....	5,000,000
(3) 20.70-Instructional Support: Assessments.....	1,500,000
Provisions:	
1. The funds appropriated in Schedule (1) of this item shall be for the International Baccalaureate	

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<p>Diploma Program authorized by Chapter 12.5 (commencing with Section 52920) of Part 28 of the Education Code.</p> <p>2. The funds appropriated in Schedule (2) of this item shall be for the College Preparation Partnership Program authorized by Chapter 8 (commencing with Section 60830) of Part 33 of the Education Code.</p> <p>3. The funds appropriated in Schedule (3) of this item shall be for grants for Advanced Placement examination fees as authorized by Chapter 8.3 (commencing with Section 52244) of Part 28 of the Education Code.</p>	
<p>6110-241-0001—For local assistance, Department of Education, Program 20.10.048.000-Low Performing High Schools.....</p>	150,000
<p>Provisions:</p> <p>1. Funds provided in this item are available pursuant to legislation enacted during the 2001–02 Regular Session.</p>	
<p>6110-242-0001—For local assistance, Department of Education (Proposition 98), Program 20.60.106.....</p>	33,000
<p>Provisions:</p> <p>1. Funds appropriated in this item are for allocation to the California Association of Student Councils to expand student leadership activities.</p>	
<p>6110-243-0001—For local assistance, Department of Education (Proposition 98), Program 20.10-Instructional Support—Curriculum Services, for the purposes of the Academic Improvement and Achievement Act as specified in Chapter 12 (commencing with Section 11020) of Part 7 of the Education Code.....</p>	5,000,000
<p>6110-280-0001—For local assistance, Department of Education (Proposition 98), Program 20.40.100-High-Risk Youth.....</p>	600,000
<p>Provisions:</p> <p>1. The funds appropriated in this item are for allocation by the State Department of Education to the Los Angeles Unified School District for services to at-risk youth that participate in a program that meets the criteria specified in subdivision (a) of Section 41 of Chapter 299 of the Statutes of 1997.</p>	

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6110-295-0001—For local assistance, Department of Education (Proposition 98), for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the cost of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller.....	125,459,000
Schedule:	
(1) 98.01.003.677-Annual Parent Notification (Ch. 36, Stats. 1977, et al.) .....	3,664,000
(2) 98.01.007.778-Absentee Ballots-Schools (Ch. 77, Stats. 1978 and Ch. 920, Stats. 1994) .....	0
(3) 98.01.008.786-School Discipline Rules (Ch. 87, Stats. 1986) .....	0
(4) 98.01.009.894-Caregiver Affidavits (Ch. 98, Stats. 1994).....	395,000
(5) 98.01.016.093-School District of Choice Transfer and Appeals (Ch. 160, Stats. 1993).....	0
(6) 98.01.013.487-Pupil Suspensions: District Employee Reports (Ch. 134, Stats. 1987 et al.).....	1,000
(7) 98.01.016.193-Intradistrict Attendance (Ch. 161, Stats. 1993) .....	1,000
(8) 98.01.017.201-Interdistrict Attendance (Ch. 172, Stats. 1986) .....	1,000
(9) 98.01.017.286-Interdistrict Transfer Parent’s Employment (Ch. 172, Stats. 1986) .....	1,000
(10) 98.01.048.675-Mandate Reimbursement Process (Ch. 486, Stats. 1975).....	1,000
(11) 98.01.049.801-Graduation Requirements (Ch. 498, Stats. 1983). 14,204,000	
(12) 98.01.049.802-Notification of Truancy (Ch. 498, Stats. 1983).....	8,150,000
(13) 98.01.049.803-Pupil Expulsions/Expulsion Appeals (Ch. 498, Stats. 1983 et al.) .....	2,480,000
(14) 98.01.062.492-Schoolbus Safety (Ch. 624, Stats. 1992) .....	0
(15) 98.01.064.186-Open Meetings Act (Ch. 641, Stats. 1986) .....	3,470,000

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(16) 98.01.066.878-Pupil Exclusions (Ch. 668, Stats. 1978) .....	396,000
(17) 98.01.078.192-Charter Schools (Ch. 781, Stats. 1992) .....	611,000
(18) 98.01.078.395-Investment Reports (Ch. 783, Stats. 1995) .....	160,000
(19) 98.01.079.980-PERS Death Ben- efits (Ch. 799, Stats. 1980).....	788,000
(20) 98.01.081.891-AIDS Prevention Instruction (Ch. 818, Stats. 1991).	3,187,000
(21) 98.01.096.175-Collective Bargain- ing (Ch. 961, Stats. 1975) .....	41,424,000
(22) 98.01.096.501-Pupil Classroom Suspension: Counseling (Ch. 965, Stats. 1977) .....	1,833,000
(23) 98.01.096.577-Public Health Screenings (Ch. 965, Stats. 1997; Ch. 1208, Stats. 1976).....	3,283,000
(24) 98.01.097.595-Physical Perform- ance Tests (Ch. 975, Stats. 1995)	1,202,000
(25) 98.01.101.184-Juvenile Court No- tices II (Ch. 1011, Stats. 1984; Ch. 1423, Stats. 1984) .....	343,000
(26) 98.01.110.784-Removal of Chemi- cals (Ch. 1107, Stats. 1984).....	1,331,000
(27) 98.01.111.789-Law Enforcement Agency Notifications (Ch. 1117, Stats. 1989) .....	1,543,000
(28) 98.01.117.677-Immunization Records (Ch. 1176, Stats. 1977) ...	3,520,000
(29) 98.01.118.475-Habitual Truants (Ch. 1184, Stats. 1975) .....	1,000
(30) 98.01.121.391-Collective Bargain- ing Agreement Disclosures (Ch. 1213, Stats. 1991).....	277,000
(31) 98.01.125.375-Expulsion Tran- scripts (Ch. 1253, Stats. 1975).....	29,000
(32) 98.01.128.488-Pupil Suspensions: Parents Classroom Visits (Ch. 1284, Stats. 1988) .....	1,041,000
(33) 98.01.130.689-Notification to Teachers of Public Expulsion (Ch. 1306, Stats. 1989) .....	2,916,000
(34) 98.01.134.780-Scoliosis Screening (Ch. 1347, Stats. 1980) .....	2,291,000

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(35) 98.01.139.874-PERS Unused Sick Leave Credit (Ch. 1398, Stats. 1974).....	3,261,000
(36) 98.01.146.389-School Accountability Report Cards (Ch. 1463, Stats. 1989) .....	2,162,000
(38) 98.01.165.984-Emergency Procedures (Ch. 1659, Stats. 1984) .....	14,542,000
(40) 98.01.077.896-American Government Course Documents Requirements (Ch. 778, Stats. 1996) .....	206,000
(41) 98.01.030.995-Pupil Residency Verification and Appeals (Ch. 309, Stats. 1995) .....	224,000
(42) 98.01.058.897-Criminal Background Checks (Ch. 588, Stats. 1997).....	5,202,000
(43) 98.01.041.095-School Crimes Reporting II (Ch. 759, Stats. 1992 and Ch. 410, Stats. 1995) .....	0
(44) 98.01.092.997-Annual Parent Notification-Staff Development (Ch. 929, Stats. 1997) .....	1,318,000
(45) 98.01.083.194-School Bus Safety II (Ch. 831, Stats. 1994; Ch. 739, Stats. 1997) .....	0

Provisions:

1. Except as provided in Provisions 2 and 3 of this item, allocations of funds shall be made by the Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated by this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.
2. If any of the scheduled amounts are insufficient to provide full reimbursement of costs, the State Controller may, upon approval of the Director of Finance in writing, augment those deficient amounts from the unencumbered balance of any other scheduled amounts therein. No order may

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be issued pursuant to this provision unless written notification of the necessity therefor is provided to the chairperson of the committee in each house of the Legislature which considers appropriations and the Chairperson of the Joint Legislative Budget Committee or his or her designee.

3. Notwithstanding any other provision of law, the funds appropriated in Schedules (19) and (35) are for transfer to the Public Employees' Retirement System for reimbursement of costs incurred pursuant to Chapter 1398 of the Statutes of 1974 or Chapter 799 of the Statutes of 1980.

- 4.5. Pursuant to Section 17581 of the Government Code, mandates identified in the appropriation schedule of this item with an appropriation of \$0 and included in the language of this provision are specifically identified by the Legislature for suspension during the 2002–03 fiscal year:

- (1) School Bus Safety II (Ch. 624, Stats. 1992; Ch. 831, Stats. 1994; Ch. 739, Stats. 1997).
- (2) School Crimes Reporting II (Ch. 759, Stats. 1992, Ch. 410, Stats. 1995).

6110-401—For maintenance of accounting records by the Controller's office and the Department of Education or any other agency maintaining such records, appropriations made in this act for agency 6110 (Department of Education) are to be recorded under agency 6100 (Department of Education).

6110-402—Notwithstanding any provision of law to the contrary, no funds appropriated in this act, or by any act enacted prior to the enactment of this act, shall be, in the absence of a court order, deemed appropriated or available for expenditure for purposes of claims for vocational education average daily attendance arising from Section 46140 of the Education Code as it read prior to the enactment of Chapter 1230 of the Statutes of 1977.

6110-403—In the event the bonds authorized for the Capital Area Plan project in Chapter 761, Statutes of 1997 are not sold, the Department of Education shall commit a sufficient portion of its support appropriation, as determined by the Department of Finance, which is provided for in this Budget Act to repay any interim financing. It is the intent of the Legislature that this commitment shall be included in future

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Budget Acts until all interim financing is repaid either through the proceeds from the sale of bonds or from an appropriation.	
6110-485—Reappropriation (Proposition 98), Department of Education. The sum of \$64,346,000 is reappropriated from the Proposition 98 Reversion Account, for the following purposes:	
0001—General Fund	
(1) \$1,000,000 to the State Department of Education, for transfer by the Controller to Section A of the State School Fund, for allocation to local education agencies (LEAs) to provide training and staff development to classified school employees pursuant to local collective bargaining agreements. These funds shall be distributed to LEAs that apply for reimbursement, in the 2002–03 fiscal year, based on criteria set forth in Article 1 (commencing with Section 44670.1) and Article 2 (commencing with Section 44680) of Chapter 3.1 of Part 25 of the Education Code for all classified school employees.	
(2) \$10,248,000 on a one-time basis to the State Department of Education for the purpose of funding a 2001–02 deficit in the K–3 Class Size Reduction Program.	
(3) \$2,500,000 to the State Department of Education for the Principal Training Program authorized pursuant to Article 4.6 (commencing with Section 44510) of Chapter 3 of Part 25 of the Education Code.	
(4) \$31,728,000 to the State Department of Education for the Mathematics and Reading Professional Development Program established pursuant to Article 3 (commencing with Section 99230) of Chapter 5 of Part 65 of the Education Code.	
(5) \$4,000,000 on a one-time basis to the State Department of Education for allocation of second year funding to high schools selected to participate in the High-Tech High School program, in accordance with Article 3.5 (commencing with Section 51725) of Chapter 5 of Part 28 of the Education Code.	
(6) \$4,350,000 on a one-time basis to the State Department of Education for the purchase of instructional materials, to be allocated pursuant to	



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	pending legislation enacted during the 2001–02 Regular Session, in conjunction with the funds appropriated in Item 6110-187-0001.
(8)	\$9,520,000 to the State Department of Education, for allocation to school districts to purchase library books for school libraries pursuant to Article 7 (commencing with Section 18180) of Chapter 2 of Part 11 of Division 1 of Title 1 of the Education Code, in accordance with Provision 2 of Item 6110-149-001.
(9)	\$500,000 to the Superintendent of Public Instruction for allocation to the largest secondary school district in the state serving exclusively grades 7 to 12, inclusive, in support of the Compact for Success program. This funding must be matched by no less than a 3-to-1 basis by other sources.
(10)	\$500,000 to the Superintendent of Public Instruction for allocation to the largest high school (only) district in the state serving grades 9 to 12, inclusive, for the Compact for Success program if that program is expanded to that district. This funding must be matched by no less than a 3-to-1 basis by other sources.
(11)	Not later than 30 days following September 4, 2002, the Director of Finance shall convene a working group that includes, but is not limited to, representatives of the Department of Finance, the Office of the State Controller, the State Department of Education, the Chancellor’s Office of the California Community Colleges, the Legislative Analyst’s Office, the Office of the Secretary for Education, the Commission on Teacher Credentialing, and the appropriate policy and fiscal committees of the Legislature, for the purpose of reviewing and making recommendations to the Governor and Legislature regarding procedures for assuring that the Governor and Legislature have access to timely and accurate information regarding the Proposition 98 Reversion Account necessary to construct the annual Budget Act.
6110-490—	Reappropriation, Department of Education. The balances of the appropriation provided in the following citation is reappropriated for the purposes,

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and subject to the limitations unless otherwise specified, provided for in the appropriation: 0001—General Fund (1) Chapter 330, Statutes of 1998—High School Coach Training Program	
6110-494—Reappropriation, Department of Education. Notwithstanding any other provision of law, the following specified balances are reappropriated from the following citations, for the purposes specified, and shall be available for encumbrance and expenditure until June 30, 2003: Provisions:	
1. \$25,324,000 of the unliquidated federal fund balances appropriated in Item 6110-196-0890 as scheduled in Item 6110-196-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000) Schedules (b)(5.1) and (b)(5.2) shall be available only for expenditure for CalWORKs Stage 2 slots.	
2. Notwithstanding Section 8278 of the Education Code, \$17,409,000 of the unliquidated General Fund balances from Schedules (b)(5.1) and (b)(5.2) of Item 6110-196-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000) shall be available only for expenditure for CalWORKs Stage 2 slots.	
4. \$1,402,000 of the unliquidated federal fund balances appropriated in Item 6110-196-0890 as scheduled in Item 6110-196-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000), Schedules (b)(5.1) and (b)(5.2) shall be available only for expenditure for CalWORKs Stage 3.	
5. Notwithstanding Section 8278 of the Education Code, \$1,251,000 of the unliquidated General Fund balances from Schedules (b)(5.1) and (b)(5.2) of Item 6110-196-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000) shall be available only for expenditure for CalWORKs Stage 3.	
6. Of the unencumbered balances as of June 30, 2001, from General Funds appropriated in Item 6110-196-0001 of Section 2.00 of the Budget Act of 2001 (Ch. 106, Stats. 2001) with the exception of Schedules (2)(e) and (2)(f), \$23,419,000 shall be available for Stage 3 child care.	
7. It is among the priorities of the Legislature that child care carryover funds available for expendi-	

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ture in the 2003–04 fiscal year be used for the Cal-WORKs center-based pilot program authorized in Provision 10 of Item 6110-196-0001 of the Budget Act of 1999 (Ch. 50, Stats. 1999), in order to provide temporary allocations to center-based child care contractors pursuant to the same conditions stated in Provision 4(a) of Item 6110-494 of the Budget Act of 2000 (Ch. 52, Stats. 2000). The State Department of Education (SDE) shall report to the Department of Finance and the Legislative Analyst's Office by October 1, 2002, regarding the status of the pilot program and shall include in the report an update on the overall pilot implementation plan. This report shall include, but not be limited to, information on activities undertaken by SDE to promote participation in the pilot program and options for implementing the program pursuant to the legislative intent specified in Provision 10 of Item 6110-196-0001 of the Budget Act of 1999 (Ch. 50, Stats. 1999).

6110-495—Reversion, Department of Education, Proposition 98. The following amounts shall revert to the Proposition 98 Reversion Account:

- (1) \$17,000,000 from Item 6110-112-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).
- (2) \$3,416,000 from Item 6110-116-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).
- (3) \$2,855,000 from Item 6110-111-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).
- (4) \$1,693,000 from Item 6110-186-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).
- (5) \$205,000 from Item 6110-185-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).
- (6) \$1,358,000 from Item 6110-232-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).
- (7) \$1,137,000 from Item 6110-198-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).
- (8) \$121,621 from Item 6110-133-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).

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(9) \$32,909 from Item 6110-128-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).	
(10) \$16,544 from Item 6110-228-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).	
(11) \$52,418 from Schedule (2) of Item 6110-111-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).	
(12) \$173,405 from Schedule (2) of Item 6110-193-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).	
(13) \$14,084 from Schedule (7) of Item 6110-193-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).	
(14) \$145,350 from Item 6110-108-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).	
(15) \$5,000,000 from Item 6110-102-0001 of Section 2.00 of the Budget Act of 2001 (Ch. 106, Stats. 2001).	
(16) \$11,000,000 from Item 6110-190-0001 of the Budget Act of 1999 (Ch. 50, Stats. 1999).	
6120-011-0001—For support of California State Library, Division of Libraries, and California Library Services Board .....	14,787,000
Schedule:	
(1) 10-State Library Services .....	14,539,000
(2) 20-Library Development Services ..	4,036,000
(3) 30-Information Technology Services.....	961,000
(4) 40.01-Administration.....	1,672,000
(5) 40.02-Distributed Administration ...	-1,672,000
(6) Reimbursements.....	-650,000
(7) Amount payable from the Federal Trust Fund (Item 6120-011-0890).	-4,099,000
Provisions:	
1. Of the amount appropriated in Schedule (1) of this item, \$76,000 is for repair and maintenance costs of the Library and Courts II Building.	
2. Of the amount appropriated in this item, \$150,000 shall be used to restore funding and authorization for two positions within the California Research Bureau in order to provide public policy research support to the Legislature and the Governor.	

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6120-011-0020—For support of the California State Library, Program 10-State Library Services, for support of the State Law Library, payable from the California State Law Library Special Account .....	764,000
Provisions:	
1. The Director of Finance may authorize the augmentation of the total amount available for expenditure under this item in the amount of revenue received by the State Law Library Special Account which is in addition to the revenue appropriated by this item or in the amount of funds unexpended from previous fiscal years, not sooner than 30 days after notification in writing to the chairpersons of the fiscal committees of each house and the Chairperson of the Joint Legislative Budget Committee.	
6120-011-0890—For support of California State Library, for payment to Item 6120-011-0001, payable from the Federal Trust Fund.....	4,099,000
6120-011-6000—For support of California State Library, Program 20-Library Development Services-Office of Library Construction (Proposition 14), payable from the California Public Library Construction and Renovation Fund .....	2,461,000
6120-012-0001—For support of the California State Library for rental payments on lease-revenue bonds... Schedule:	2,347,000
(1) Base Rental and Fees .....	2,492,000
(2) Insurance .....	30,000
(3) Reimbursements .....	-175,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
6120-013-0001—For support of California State Library, Program 10-State Library Services—Sutro Library Special Repairs Project .....	24,000
6120-102-0001—For local assistance, California State Library, Program 20-Library Development Services—Library of California .....	1,000,000
Provisions:	
1. The funds appropriated in this item shall be allocated consistent with the provisions of Chapter	

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4.5 (commencing with Section 18800) of Part 11 of the Education Code.	
6120-150-0001—For local assistance, California State Library, for the California Civil Liberties Public Education Program .....	1,000,000
Provisions:	
1. The funds appropriated in this item shall be used to provide competitive grants pursuant to the provisions of Part 8.5 of Division 1 of the Education Code (EC 13000, et seq.).	
6120-160-0001—For local assistance, California State Library, Program 20-Library Development Services—California Newspaper Project.....	300,000
6120-211-0001—For local assistance, California State Library, Program 20-Library Development Services .....	20,510,000
Schedule:	
(1) 20.10-California Literacy Campaign .....	4,090,000
(2) 20.20-Families for Literacy Program.....	1,384,000
(3) 20.30-Direct Loan and Interlibrary Loan Programs .....	12,145,000
(4) 20.40-Computerized Data Base pursuant to Section 18767 of the Education Code .....	275,000
(5) 20.50-California Library Services Act pursuant to Chapter 4 (commencing with Section 18700) of Part 11 of the Education Code.....	2,616,000
Provisions:	
1. Should the funds appropriated in Schedule (3) be insufficient to fully cover all transactions under the Direct Loan and Interlibrary Loan programs of the California Library Services Act, funding shall be prorated such that expenditures for the program are within the appropriation made in Schedule (3) of this item.	
6120-211-0890—For local assistance, California State Library, Program 20-Library Development Services, payable from the Federal Trust Fund.....	12,518,000
6120-221-0001—For local assistance, California State Library Program 20-Library Development Services-Public Library Foundation Program.....	31,532,000
Provisions:	
1. Notwithstanding any other provision of law, for the 2002–03 fiscal year, the date on or before	

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<p>which the fiscal officer of each public library shall report to the State Librarian the information specified in Section 18023 of the Education Code shall be December 1, 2002.</p> <p>2. Notwithstanding any other provision of law, for the 2002–03 fiscal year, the date on or before which the Controller shall distribute funds to the fiscal officer of each public library as specified in Section 18026 of the Education Code shall be February 15, 2003.</p> <p>3. It is the intent of the Legislature that the funds appropriated in this item be allocated consistent with the provisions of Section 18025 of the Education Code.</p>	
6255-001-0001—For support of California State Summer School for the Arts, Program 10.....	912,000
6330-001-0890—For support of the California Occupational Information Coordinating Committee, payable from the Federal Trust Fund .....	309,000
6360-001-0001—For support of the Commission on Teacher Credentialing .....	51,000
Schedule:	
(1) 10-Standards for Preparation and Licensing of Teachers .....	51,000
Provisions:	
1. Of the funds appropriated in this item, \$51,000 shall be available for administrative costs related to the California School Paraprofessional Teacher Training Program pursuant to Article 12 (commencing with Section 44390) of Chapter 2 of Part 25 of the Education Code.	
2. By March 15, 2003, the Commission on Teacher Credentialing shall report to the fiscal subcommittees on the amount of federal carryover money it expects to have at the end of the 2002–03 fiscal year, and its plan for expending these moneys in the 2003–04 fiscal year.	
3. During the 2002–03 fiscal year, the Commission on Teacher Credentialing shall (1) reduce the average processing time for first-time and new-type applications for multiple subject, single subject, and education specialist credentials to 25 days, and (2) utilize resources freed up as a result of the Teacher Credentialing Service Improvement Project and the associated implementation of on-line renewals, to reduce average credential application processing time as referenced above, so	

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<p>that the improvements referenced above do not result in an overall increase in average processing time for other credential applications. The commission shall report to the Legislature by December 31, 2002, on the actual processing time for first-time/new-type, multiple, single subject, and education specialist credentials, renewals, and other credential types.</p>	
<p>6360-001-0407—For support of the Commission on Teacher Credentialing, payable from the Teacher Credentials Fund .....</p>	16,001,000
<p>Schedule:</p>	
<p>(1) 10-Standards for Preparation and Licensing of Teachers .....</p>	16,001,000
<p>(2) 10.40.010-Departmental Administration.....</p>	(5,591,000)
<p>(3) 10.40.020-Distributed Departmental Administration.....</p>	(-5,591,000)
<p>Provisions:</p>	
<p>1. The amount appropriated in this item may be increased based on increases in credential applications, increases in first-time credential applications requiring fingerprint clearance, unanticipated costs associated with certificate discipline cases, or unanticipated costs of litigation, subject to approval of the Department of Finance, not sooner than 30 days after notification in writing to the chairpersons of the fiscal committees of each house and the Chairperson of the Joint Legislative Budget Committee.</p>	
<p>2. Of the funds appropriated in Schedule (1) of this item, \$75,000 is for administration of the California Mathematics Initiative for Teaching program established by Article 13 (commencing with Section 44400) of Chapter 2 of Part 25 of the Education Code.</p>	
<p>3. To ensure the Teacher Credentials Fund reserve remains at a prudent level, the Commission on Teacher Credentialing shall charge no more than \$55 for the issuance or renewal of a teaching credential.</p>	
<p>4. Of the funds appropriated in Schedule (1) of this item, \$1,498,000 is for third-year costs of the Teacher Credentialing Service Improvement Project.</p>	



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- 5. If the funds available in the Teacher Credentials Fund are insufficient to meet the operational needs of the Commission on Teacher Credentialing, the Department of Finance may authorize a loan to be provided from the Test Development and Administration Account to the Teacher Credentials Fund. The Department of Finance shall notify the Chairperson of the Joint Legislative Budget Committee, or his or her designee, of its intent to request that the Controller transfer the amount projected to be required from the Test Development and Administration Account to the Teacher Credentials Fund. The Controller shall transfer those funds not sooner than 30 days after this notification.
- 6. It is the intent of the Legislature that during the 2002–03 fiscal year, the Commission on Teacher Credentialing reduce the average processing time for first-time and new-type applications for multiple subject, single subject, and education specialist credentials to 25 days and utilize resources made available as a result of the Teacher Credentialing Service Improvement Project and the associated implementation of online renewals to reduce average credential application processing time as referenced above, so that these improvements do not result in an overall increase in average processing time for other credential applications. The commission shall report back to the Legislature by December 31, 2002, regarding the actual processing time for these credential types.

6360-001-0408—For support of the Commission on Teacher Credentialing, payable from the Test Development and Administration Account, Teacher Credentials Fund..... 9,931,000

Schedule:

- (1) 10-Standards for Preparation and Licensing of Teachers ..... 9,931,000

Provisions:

- 1. The amount appropriated in this item may be increased for unanticipated costs of litigation, or for costs from increases in the number of examinees, subject to approval of the Department of Finance, not sooner than 30 days after notification in writing to the chairpersons of the fiscal committees of

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each house and the Chairperson of the Joint Legislative Budget Committee.

- 2. Notwithstanding Section 44234 of the Education Code, funds that are set aside for pending litigation costs shall not be considered part of the reserve of the Teacher Credentials Fund for purposes of subdivision (b) of Section 44234 of the Education Code.
- 3. If the funds available in the Teacher Credentials Fund are insufficient to meet the operational needs of the Commission on Teacher Credentialing, the Department of Finance may authorize a loan to be provided from the Test Development and Administration Account to the Teacher Credentials Fund. The Department of Finance shall notify the Chairperson of the Joint Legislative Budget Committee, or his or her designee, of its intent to request that the Controller transfer the amount projected to be required from the Test Development and Administration Account to the Teacher Credentials Fund. The Controller shall transfer those funds not sooner than 30 days after this notification.

6360-101-0001—For local assistance, Commission on Teacher Credentialing (Proposition 98), Program 10, Standards for Preparation and Licensing of Teachers ..... 45,728,000

Schedule:

- (1) 10.20.001-Alternative Certification Program..... 25,600,000
- (2) 10.20.002-California School Paraprofessional Teacher Training Program ..... 7,478,000
- (3) 10.20.003-California Pre-Internship Teaching Program ..... 11,800,000
- (4) 10.10.001-Teacher Misassignment Monitoring..... 350,000
- (5) 10.20.004-California Mathematics Initiative for Teaching ..... 500,000

Provisions:

- 1. The funds appropriated in Schedule (1) are for school districts and county offices of education participating in the alternative certification programs established pursuant to Article 11 (commencing with Section 44380) of Chapter 2 of Part 25 of the Education Code.

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<ul style="list-style-type: none"> <li>2. The funds appropriated in Schedule (2) are for school districts and county offices of education participating in the California School Paraprofessional Teacher Training Program established pursuant to Article 12 (commencing with Section 44390) of Chapter 2 of Part 25 of the Education Code.</li> <li>3. The funds appropriated in Schedule (3) are for the California Pre-Internship Teaching Program, as set forth in Article 5.6 (commencing with Section 44305) of Chapter 2 of Part 25 of the Education Code.</li> <li>4. The funds appropriated in Schedule (4) shall be used to reimburse county offices of education for costs associated with monitoring public schools and school districts for teacher misassignments. Funds shall be allocated on a basis determined by the Commission. Districts and county offices receiving funds for credential monitoring will provide reasonable and necessary information to the Commission as a condition of receiving these funds.</li> <li>5. The funds appropriated in Schedule (5) are for the California Mathematics Initiative for Teaching Program established pursuant to Article 13 (commencing with Section 44400) of Chapter 2 of Part 25 of the Education Code.</li> </ul>	
6360-101-0890—For local assistance, Commission on Teacher Credentialing, payable from the Federal Trust Fund.....	3,149,000
Provisions:	
<ul style="list-style-type: none"> <li>1. Of the funds appropriated in this item, \$386,000 shall be for the Transition to Teaching Program, for emergency-permit teachers to transition into either the Alternative Certification Program or the California Pre-Internship Teaching Program, depending on their level of preparation.</li> <li>2. Of the funds appropriated in this item, \$2,763,000 consists of funds carried over from prior fiscal years that shall be for development of a Teaching Performance Assessment. These funds shall be expended only after development of an expenditure plan by the Commission on Teacher Credentialing, and approval of the plan by the Department of Finance.</li> </ul>	

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6360-485—Reappropriation (Proposition 98), California Commission on Teacher Credentialing. The sum of \$8,350,000 is reappropriated from the Proposition 98 Reversion Account for the following purposes: 0001—General Fund	
(1) \$4,175,000 to support the Alternative Certification Program established pursuant to Article 11 (commencing with Section 44380) of Chapter 2 of Part 25 of the Education Code.	
(2) \$4,175,000 to support the California Pre-Internship Teaching Program authorized pursuant to Article 5.6 (commencing with Section 44305) of Chapter 2 of Part 25 of the Education Code.	
6360-495—Reversion, California Commission on Teacher Credentialing (Provision 98). The following amounts shall revert to the Proposition 98 Reversion Account:	
(1) \$24,350,000 from Schedule (1) of Item 6360-101-0001 of Section 2.00 of the Budget Act of 2001 (Ch. 106, Stats. 2001).	
6420-001-0001—For support of California Postsecondary Education Commission .....	2,160,000
Schedule:	
(1) 100000-Personal Services .....	1,801,000
(2) 300000-Operating Expenses and Equipment .....	792,000
(3) Reimbursements.....	-3,000
(4) Amount payable from the Federal Trust Fund (Item 6420-001-0890).	-430,000
Provisions:	
2. The amount appropriated in Schedule (1) includes support for 28.5 positions.	
3. Of the amount appropriated in Schedule (2) of this item, \$125,000 is available to conduct a study of Title IX compliance pursuant to legislation enacted during the 2001-02 Legislative Session.	
6420-001-0890—For support of California Postsecondary Education Commission, for payment to Item 6420-001-0001, payable from the Federal Trust Fund .....	430,000
6420-101-0890—For local assistance, California Postsecondary Education Commission, payable from the Federal Trust Fund .....	7,860,000
6440-001-0001—For support of University of California .....	3,059,351,000

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Schedule:

(1) Support .....	2,957,123,000
(2) Charles R. Drew Medical Program.	8,949,000
(3) Podiatry Program .....	0
(5) Acquired Immune Deficiency Syn- drome (AIDS) Research .....	11,975,000
(6) Institute of Global Conflict and Co- operation.....	0
(7) Student Financial Aid.....	52,199,000
(8) Loan Repayments.....	5,105,000
(9) San Diego Supercomputer Center ..	4,000,000
(11) Subject Matter Projects.....	20,000,000

Provisions:

1. The appropriations made in this item are exempt from Section 31.00 of this act.
2. None of the funds appropriated in this item may be expended to initiate major capital outlay projects by contract without prior legislative approval, except for cogeneration and energy conservation projects. Exempted projects shall be reported in a manner consistent with the reporting procedures in subdivision (d) of Section 28.00 of this act.
3. The funds appropriated in Schedule (2) are for support of University of California program of clinical health sciences education, research, and public service, conducted in conjunction with the Charles R. Drew University of Medicine and Science, as provided for in Sections 1, 2, and 3 of Chapter 1140 of the Statutes of 1973. Of the amount appropriated, \$500,000 is contingent upon the provision by the University of California of an equal amount of matching funds from its own resources. The University of California shall ensure by adequate controls that funds appropriated by Schedule (2) are expended solely for the support of the program identified in that schedule.
5. Of the amount appropriated in Schedule (1), \$2,629,957 shall be available for expenditure only for support of the Northern and Southern Occupational Health Centers as established by a contract entered into with the Department of Industrial Relations pursuant to Section 50.8 of the Labor Code.
6. The funds appropriated in Schedule (7) are for support of Program 45, Student Financial Aid, to provide financial aid to needy students attending

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	the University of California, according to the nationally accepted needs analysis methodology.
7.	Of the amount appropriated in Schedule (1), \$7,462,800 is for payment of energy service contracts in connection with the issuance of Public Works Board Energy Efficiency Revenue Bonds.
8.	Of the amount appropriated in Schedule (8), \$2,700,000 is for repayment of \$25,000,000 borrowed by the University of California for deferred maintenance in the 1994–95 fiscal year. It is the intent of the Legislature to annually provide funds for that repayment purpose through the 2009–10 fiscal year.
9.	Of the amount appropriated in Schedule (8), \$2,405,000 is for repayment of \$25,000,000 borrowed by the University of California for deferred maintenance in the 1995–96 fiscal year. It is the intent of the Legislature to annually provide funds for that repayment purpose through the 2010–11 fiscal year.
10.	Of the amount appropriated in Schedule (1), \$55,058,000 is provided for new and existing outreach programs that are aimed at improving the chances for pupils from a wide diversity of backgrounds to become eligible for the University of California, as follows: <ul style="list-style-type: none"> <li>(a) The following amounts are for pupil academic development and school partnership programs and shall be matched on a one-to-one basis by the participating schools: <ul style="list-style-type: none"> <li>(1) \$18,000,000 is for pupil academic development programs, including MESA, Puente, and the Early Academic Outreach Program, so that these programs may increase the number of pupils who participate in the programs and may offer services such as college admissions test preparation programs, fee waivers for Advance Placement tests, and an increased number of field trips for high school and middle school participants to visit college campuses.</li> <li>(2) \$3,000,000 is provided for K–12 school partnership programs to systematically reform partner schools in order to achieve long-term improvements in student success. In achieving the budget re-</li> </ul> </li> </ul>

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ductions to programs in this subsection, the university shall conduct a review of its long-term outreach efforts involving a broad representation of stakeholders, including, but not limited to, the university's partners in the K-12 system, representatives of the Legislature, students, and other interested parties. The university shall continue to give priority in funding under this subsection to campus programs that have demonstrated success in meeting the state's goal of improving the chances for pupils from a wide diversity of backgrounds to become eligible for the University of California. It is further the intent of the Legislature that priority be given to campus programs that, to the extent possible, will meet the requirements of federal funds for improving schools identified as low-performing pursuant to state and federal law. The university shall include in its March 2003 report to the Legislature an explanation of actions taken to comply with this provision as well as the basis upon which continuation of existing long-term programs was determined.

- (3) \$2,316,000 is provided for pupil academic development programs and K-12 partnership programs in the Central Valley. Given the state's interest in increasing the low college matriculation rates of educationally disadvantaged students from diverse backgrounds in the Central Valley, it is the intent of the Legislature that to the extent possible, the University of California provide additional resources above that identified in this subsection to support outreach efforts in the Central Valley.
- (b) \$7,000,000 is provided for services to community college students to promote transfer, particularly among community colleges with historically low transfer rates or a large proportion of disadvantaged students. Of this total, \$2,500,000 is provided for the

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Dual Admission Program to increase the number of UC advisers on targeted community college campuses, and promote other recruitment efforts aimed at increasing the diversity of the pool of students who transfer from community colleges to the University of California. None of the funds provided for the Dual Admission Program may be encumbered until the University of California provides a list of targeted community colleges to the Joint Legislative Budget Committee and the Joint Legislative Budget Committee approves the list. The University of California shall provide a report to the Legislature and the Governor each year for five years beginning on February 1, 2003, on the progress made in implementing the Dual Admissions Program and the use of funds to support the program.

- (d) \$1,000,000 is provided to support the UCSD Model Charter School.
- (e) \$6,561,000 is provided for systemwide graduate and professional school outreach, to be matched by \$2,000,000 in university funds. It is the intent of the Legislature that priority in funding provided in this subsection be given to programs designed to meet the state's need of increasing the number of students from diverse backgrounds that commit to working in underserved communities by providing legal, medical, and other professional services.
- (f) \$700,000 is provided for long-term evaluation of the effectiveness of outreach programs, including college graduation rates for pupils who participated in the K–12 programs, regardless of the college attended. The university is requested to provide a detailed report to the Legislature describing the evaluation program supported by these funds, including a description of how funds have been used to date and how funds will be used in the future. The report should also include a list of benchmarks on which data is being collected, the studies that have been funded, and a description of data being col-



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- lected at the campus level that is not routinely provided in the annual outreach report. This report should be submitted to the Legislature by December 1, 2002.
- (g) \$4,553,000 over and above any funds provided under (a)(1) and (b) is provided to support MESA programs.
  - (h) \$750,000 is provided to support campus efforts to move toward comprehensive assessment of freshman applications. Funding provided in this subdivision shall be provided to campuses contingent on the elimination of the two-tiered admission system and the establishment of a unitary admissions review process.
  - (hh) \$1,000,000 is provided for student-initiated, student-run outreach activities focused on recruitment and mentorships aimed at high school students. It is the intent of the Legislature that funding provided in this subdivision shall be distributed proportionally to the general campuses based on campus enrollment.
  - (i) \$8,438,000 is provided for the UC College Preparatory Initiative. Funding provided for the College Preparatory Initiative shall not be limited to the development of advanced placement (AP) courses online, but shall be used to increase the availability of college preparatory courses, including, but not limited to, AP courses, designed to improve college matriculation rates for educationally disadvantaged students in K–12 schools identified as low-performing pursuant to state and federal law. Resources for this initiative shall be specifically used for increasing the number of educationally disadvantaged students enrolling in college preparatory courses with priority for schools identified as low-performing pursuant to state and federal law or schools that have low college matriculation rates, to provide technical assistance to teachers and academic support for students enrolled in these courses to make the transition to a higher education institution. Priority in program funding shall

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- be given to efforts to assist schools that do not have a sufficient number of college preparatory courses.
- (j) \$320,000 is provided for the Community Resource and Education Centers Initiative. It is the intent of the Legislature that these funds be used for the establishment of community sites within disadvantaged communities, where University-supported outreach programs and community-based organizations can operate and collaborate in support of increasing the diversity of students becoming eligible for the University of California.
  - (k) \$809,000 is provided for the UC All Campus Consortium on Research for Diversity (ACCORD) initiative, intended to build on existing faculty expertise and research infrastructure to examine the problems and challenges of access to higher education for California's educationally disadvantaged students.
  - (l) \$250,000 is provided for Arts Bridge programs that give university students scholarships to work as "artists in residence" in public schools. The University of California shall ensure that 75 percent of these efforts are targeted at underperforming schools.
  - (m) \$361,000 is provided for the Urban School Collaborative program.
11. It is the intent of the Legislature that the university report on the use of outreach funding provided in this item. This report should include detailed information on the outcomes and effectiveness of outreach programs. The report should be submitted to the fiscal committee of each house of the Legislature by no later than March 15, 2003.
  12. Of the funds appropriated in Schedule (1), \$500,000 shall be expended for the Center for Earthquake Engineering Research, contingent upon the center continuing to receive federal matching funds from the National Science Foundation.
  13. Of the funds appropriated by Schedule (1), \$800,000 shall be expended at the San Diego campus for research into the use of composite materials for transportation structures, contin-

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	gent upon the campus continuing to receive federal matching funds. It is the intent of the Legislature that funding be provided through the 2002–03 fiscal year for this purpose.
14.	Of the funds appropriated in Schedule (1), \$500,000 shall be expended for viticulture and enology research contingent upon the receipt of an equal amount of private sector matching funds.
16.	Of the amount appropriated in Schedule (1), \$1,500,000 is for Community Teaching Internships for Mathematics and Science programs. These programs shall provide stipends to juniors and seniors majoring in math, science, and engineering, who work in local public schools as teaching interns.
17.	Of the funds appropriated in Schedule (1), \$24,000,000 is for substance abuse research at the University of California, San Francisco campus in the Neurology Department.
18.	Of the amount appropriated in Schedule (1), \$2,000,000 is for the California State Summer School for Math and Science.
19.	Of the amount appropriated in Schedule (1), \$1,000,000 is for the Welfare Policy Research Project, per Article 9.7 (commencing with Section 11526) of Chapter 2 of Part 3 of the Welfare and Institutions Code.
20.	Of the amount appropriated in Schedule (1), \$1,000,000 shall be used for Lupus research at UC San Francisco.
21.	Of the amount appropriated in Schedule (1), \$2,000,000 shall be used to expand spinal cord injury research.
22.	Of the amount appropriated in Schedule (1), \$5,500,000 shall be used for UC Berkeley/UCLA to support the Multi-Campus Research Unit for Labor Studies.
23.	Of the amount appropriated in Schedule (1), \$5,000,000 is to fund the Medical Investigation of Neurodevelopmental Disorders (MIND) Institute, including \$3,500,000 for research grants program.
24.	Of the amount appropriated in Schedule (1), \$22,000,000 is for Internet2 connectivity and network infrastructure to grades K–12 schools and county offices of education.

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25.	Of the amount appropriated in Schedule (1), \$3,000,000 in one-time funds shall be used for the third and final year of a three-year program of Medical Marijuana Research.
26.	Notwithstanding any other provision of law: <ul style="list-style-type: none"> <li>(a) Each individual research program funded as specified in Provisions (12), (13), (14), (17), (19), (20), (21), (22), (23), and (25) shall be reduced by the University of California 10 percent.</li> <li>(b) Ten percent, of the amounts specified in Schedules (5), (6), and (9), shall be transferred by the University of California to Schedule (1) for the purposes of research.</li> <li>(c) Any individual research program funded through Schedule (1), other than those identified in Provision 26(a), shall be reduced by the University of California by 10 percent.</li> </ul>
27.	It is the intent of the Legislature that, of the amount appropriated in Schedule (1), \$7,412,000 is to provide full marginal cost funding for 897 existing full-time equivalent (FTE) summer enrollments at the University of California (UC Davis). This funding shall be used to assist in efforts to increase the number of students served in UC Davis' state-supported summer programs. The Legislature expects that the Davis campus will increase enrollments by at least 269 FTE students in summer 2002, for a minimum total summer 2002 enrollment of 1,166 FTE students. The University of California shall report to the Legislature by December 1, 2002, on whether it has met the summer 2002 enrollment target. If it does not meet this target, then the Director of Finance shall revert to the General Fund a share of the \$7,412,000 that is proportionate to the share of the enrollment target that was not met.
29.	It is the intent of the Legislature that funding for the UCR/UCLA Biomedical Sciences program provided in Schedule (1) of this item be phased out beginning July 1, 2003, unless the Director of Finance has certified and provided the Legislature with notification that the university reconfigured the program consistent with the university's May 22, 2002, proposal. It is further the intent of the Legislature that program changes

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<p>will be accomplished in time to be implemented no later than for the entering class of fall 2004. It is the further intent of the Legislature that admission to the program, as it currently exists, will be suspended effective for the entering class of fall 2003, until structural changes are fully implemented.</p>	
<p>6440-001-0007—For support of University of California, payable from the Breast Cancer Research Account .....</p>	14,729,000
<p>Provisions:</p>	
<p>1. Notwithstanding subdivision (a) of Section 2.00 of this act, the funds appropriated in this item shall be available for expenditure until June 30, 2005.</p>	
<p>6440-001-0046—For support of University of California, Institute of Transportation Studies, payable from the Public Transportation Account, State Transportation Fund .....</p>	980,000
<p>6440-001-0234—For support of the University of California, payable from the Research Account, Cigarette and Tobacco Products Surtax Fund.....</p>	19,434,000
<p>Provisions:</p>	
<p>1. The funds appropriated in this item are to be allocated for research regarding tobacco use, with an emphasis on youth and young adults, including, but not limited to, the effects of active and passive smoking, the primary prevention of tobacco use, nicotine addiction and its treatment, the effects of secondhand smoke, and public health issues surrounding tobacco use.</p>	
<p>2. Notwithstanding subdivision (a) of Section 2.00 of this act, the funds appropriated in this item are available for expenditure until June 30, 2005.</p>	
<p>6440-001-0308—For support of the University of California, payable from the Earthquake Risk Reduction Fund of 1996.....</p>	1,500,000
<p>Provisions:</p>	
<p>1. The funds appropriated in this item shall be expended for the Center for Earthquake Engineering Research, contingent upon the center continuing to receive federal matching funds from the National Science Foundation.</p>	
<p>6440-001-0321—For support of University of California, payable from the Oil Spill Response Trust Fund.....</p>	1,300,000

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Provisions:	
1. The funds appropriated in this item shall be available to support the Oiled Wildlife Care Network.	
6440-001-0814—For support of University of California, for allocation by the Controller in accordance with the provisions of Section 8880.5 of the Government Code as enacted by the voters in Proposition 37 at the November 1984 general election, payable from the California State Lottery Education Fund.....	21,962,000
Provisions:	
1. All funds received pursuant to Proposition 37 that are allocable to the University of California pursuant to Section 8880.5 of the Government Code, and that are in excess of the amount appropriated in this item are hereby appropriated in augmentation of this item.	
6440-001-0890—For support of University of California, payable from the Federal Trust Fund.....	5,000,000
Provisions:	
1. The funds appropriated in this item are for the federal Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) (20 U.S.C. 1070a-21 et seq.). These funds are provided to the University of California as the fiscal agent for this intersegmental program.	
6440-001-0945—For support of the University of California, payable from the California Breast Cancer Research Fund.....	480,000
Provisions:	
1. Notwithstanding subdivision (a) of Section 2.00 of this act, the funds appropriated in this item shall be available for expenditure until June 30, 2005.	
6440-002-0001—For support of University of California.....	(55,000,000)
Provisions:	
1. Notwithstanding Section 2.00 of this act, the funds appropriated in this item are not available for expenditure or encumbrance prior to July 1, 2003. Claims for these funds shall be submitted by the University of California on or after July 1, 2003, and before October 1, 2003.	
2. No reserve may be established by the Controller for this appropriation before July 1, 2003.	
6440-003-0001—For support of the University of California, for payments on lease-purchase bonds.....	90,886,000

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Schedule:	
(1) Rental, insurance and administrative payments .....	108,510,000
(2) Reimbursements .....	-17,624,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
6440-004-0001—For support of University of California .....	13,900,000
Provisions:	
1. Funds shall be available for planning and startup costs associated with academic programs to be offered in the San Joaquin Valley and planning, startup costs, and ongoing support for the Merced campus, including the following: (a) site studies, infrastructure planning, community planning and development, long-range development plans, environmental studies, and other physical planning activities; (b) academic planning activities, support of academic program offerings prior to the opening of the new campus, and faculty recruitment; (c) the acquisition of instructional materials and equipment; and (d) ongoing operating support for faculty, staff, and other annual operating expense for the new campus.	
2. The University of California may enter into lease agreements with an option to purchase facilities in the Central Valley associated with the Merced Campus. The lease agreement with an option to purchase shall be submitted to the Department of Finance for review and concurrence prior to execution of the lease to ensure that the proposed lease is consistent with legislative intent. The submission of the lease shall also include an economic analysis detailing the cost benefit of the project.	
6440-005-0001—For support of University of California .....	4,750,000
Provisions:	
1. Notwithstanding any other provision of law, the funds appropriated in this item are available for expenditure without regard to fiscal year. Funds in	

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<p>this item are provided on a one-time basis to support the California Institutes for Science and Innovations.</p>	
<p>6440-011-0042—For transfer by the Controller from the State Highway Account, State Transportation Fund to the Earthquake Risk Reduction Fund of 1996 ...</p>	(1,000,000)
<p>6440-301-0574—For capital outlay, University of California, payable from the Higher Education Capital Outlay Bond Fund of 1998 .....</p>	4,572,000
<p>Schedule:</p>	
<p>Riverside Campus:</p>	
<p>(1) 99.05.165-Biological Sciences Building—Working drawings .....</p>	894,000
<p>San Diego Campus:</p>	
<p>(2) 99.06.325-Pharmaceutical Sciences Building—Working drawings .....</p>	1,658,000
<p>Santa Barbara Campus:</p>	
<p>(3) 99.08.095-Engineering-Science Building—Equipment.....</p>	1,454,000
<p>Merced Campus:</p>	
<p>(4) 99.11.015-Site Development and Infrastructure, Phase 3—Working drawings.....</p>	566,000
<p>Provisions:</p>	
<p>1. Identified savings in funds encumbered from this general obligation bond fund for construction contracts for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used: (a) to begin working drawings for a project for which preliminary plan funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990, or (e) to fund minor capital outlay projects.</p>	

No later than March 1, 2003, the University of California shall provide the Legislative Analyst with a progress report showing the identified sav-



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<p>ings by project, and the purpose for which the identified savings were used.</p> <p>No later than November 1, 2003, the University of California shall prepare a report showing (a) the identified savings by project and (b) the purpose for which the identified savings were used. This report shall be submitted to the Chair of the Joint Legislative Budget Committee and to the chairs of the fiscal committees in each house.</p> <p>2. The funds provided under this item shall be available for expenditure only if the University of California requires the payment of prevailing wage rates by the contractors and subcontractors on all projects in this item and on all other capital outlay projects undertaken by the University of California that are funded using nonstate funds or are otherwise not financed with the funds appropriated in this item. This requirement shall represent a moratorium on granting further exceptions to paying prevailing wage until June 30, 2003.</p> <p>6440-301-0658—For capital outlay, University of California, payable from the Higher Education Capital Outlay Bond Fund of 1996.</p> <p>Provisions:</p> <p>1. Identified savings in funds encumbered from this general obligation bond fund for construction contracts for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used: (a) to begin working drawings for a project for which preliminary plan funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act, or (e) to fund minor capital outlay projects.</p> <p>No later than March 1, 2003, the University of California shall provide the Legislative Analyst with a progress report showing the identified sav-</p>	

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ings by project, and the purpose for which the identified savings were used.

No later than November 1, 2003, the University of California shall prepare a report showing (a) the identified savings by project and (b) the purpose for which the identified savings were used. This report shall be submitted to the Chairperson of the Joint Legislative Budget Committee and to the chairs of the fiscal committees in each house.

6440-301-0705—For capital outlay, University of California, payable from the Higher Education Capital Outlay Bond Fund of 1992.

Provisions:

1. Identified savings in funds encumbered from this general obligation bond fund for construction contracts for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used: (a) to begin working drawings for a project for which preliminary plan funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, or (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act.

No later than March 1, 2003, the University of California shall provide the Legislative Analyst with a progress report showing the identified savings by project, and the purpose for which the identified savings were used.

No later than November 1, 2003, the University of California shall prepare a report showing (a) the identified savings by project and (b) the purpose for which the identified savings were used. This report shall be submitted to the Chairperson of the Joint Legislative Budget Committee and to the chairs of the fiscal committees in each house.

6440-301-0782—For capital outlay, University of California, payable from the Higher Education Capital Outlay Bond Fund.

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Provisions:

1. Identified savings in funds encumbered from this general obligation bond fund for construction contracts for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used as follows: (a) to begin working drawings for a project for which preliminary plan funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, or (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990.

No later than March 1, 2003, the University of California shall provide the Legislative Analyst with a progress report showing the identified savings by project, and the purpose for which the identified savings were used.

No later than November 1, 2003, the University of California shall prepare a report showing (a) the identified savings by project and (b) the purpose for which the identified savings were used. This report shall be submitted to the Chair of the Joint Legislative Budget Committee and to the chairs of the fiscal committees in each house.

6440-301-0785—For capital outlay, University of California, payable from the 1988 Higher Education Capital Outlay Bond Fund.

Provisions:

1. Identified savings in funds encumbered from this general obligation bond fund for construction contracts for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used: (a) to begin working drawings for a project for which preliminary plan funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program,

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(c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, or (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990.

No later than March 1, 2003, the University of California shall provide the Legislative Analyst with a progress report showing the identified savings by project, and the purpose for which the identified savings were used.

No later than November 1, 2003, the University of California shall prepare a report showing (a) the identified savings by project and (b) the purpose for which the identified savings were used. This report shall be submitted to the Chair of the Joint Legislative Budget Committee and to the chairs of the fiscal committees in each house.

6440-301-0791—For capital outlay, University of California, payable from the June 1990 Higher Education Capital Outlay Bond Fund.

Provisions:

1. Identified savings in funds encumbered from this general obligation bond fund for construction contracts for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used: (a) to begin working drawings for a project for which preliminary plan funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings identified as potentially in need of seismic retrofitting, or (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990.

No later than March 1, 2003, the University of California shall provide the Legislative Analyst with a progress report showing the identified savings by project, and the purpose for which the identified savings were used.

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<p>No later than November 1, 2003, the University of California shall prepare a report showing (a) the identified savings by project and (b) the purpose for which the identified savings were used. This report shall be submitted to the Chair of the Joint Legislative Budget Committee and to the chairs of the fiscal committees in each house.</p>	
6440-301-6028—For capital outlay, University of California, payable from the Higher Education Capital Outlay Bond Fund of 2002 .....	42,718,000
Schedule:	
San Francisco Campus:	
(1) 99.02.130-Health Sciences West Improvements, Phase 1—Working drawings .....	618,000
Davis Campus:	
(2) 99.03.305-Robert Mondavi Institute for Wine and Food Science—Preliminary plans .....	900,000
Riverside Campus:	
(3) 99.05.165-Biological Sciences Building—Construction.....	17,813,000
San Diego Campus:	
(4) 99.06.330-Biomedical Library Renovation and Addition—Preliminary plans and working drawings.....	1,800,000
(5) 99.06.335-West Campus Utilities Improvements—Preliminary plans and working drawings.....	360,000
(6) 99.06.340-Student Academic Services Facility—Preliminary plans .	959,000
(7) 99.06.345-Campus Emergency Services Facility—Preliminary plans and working drawings.....	443,000
Santa Cruz Campus:	
(8) 99.07.130-Humanities and Social Sciences Facility—Preliminary plans.....	1,479,000
(9) 99.07.135-Emergency Response Center—Preliminary plans.....	517,000
Santa Barbara Campus:	
(10) 99.08.115-Psychology Building Addition and Renovation—Working drawings.....	476,000

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(11) 99.08.120-Snidecor Hall Office Wing Seismic Replacement—Preliminary plans and working drawings.....		1,178,000
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Irvine Campus:

(12) 99.09.320-Rowland Hall Seismic Improvements—Construction .....		16,175,000
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Provisions:

1. Identified savings in funds encumbered from this general obligation bond fund for construction contracts for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used: (a) to begin working drawings for a project for which preliminary plan funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990, or (e) to fund minor capital outlay projects.

No later than March 1, 2003, the University of California shall provide the Legislative Analyst with a progress report showing the identified savings by project, and the purpose for which the identified savings were used.

No later than November 1, 2003, the University of California shall prepare a report showing (a) the identified savings by project and (b) the purpose for which the identified savings were used. This report shall be submitted to the Chair of the Joint Legislative Budget Committee and to the chairs of the fiscal committees in each house.

2. The funds provided under this item shall be available for expenditure only if the University of California requires the payment of prevailing wage rates by the contractors and subcontractors on all projects in this item and on all other capital outlay projects undertaken by the University of California that are funded using nonstate funds or are otherwise not financed with the funds appropri-

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ated in this item. This requirement shall represent a moratorium on granting further exceptions to paying prevailing wage until June 30, 2003.	
3. The appropriation made by this item for studies, preliminary plans, working drawings or minor capital outlay shall be available for expenditure until December 31, 2003. In addition, the balance of every appropriation made in this item that contains funding for construction that has not been allocated, through fund transfer or approval to bid, by the Department of Finance on or before December 31, 2003, shall revert as of that date.	
6440-302-0574—For capital outlay, University of California, payable from the Higher Education Capital Outlay Bond Fund of 1998 .....	4,704,000
Schedule:	
Berkeley Campus:	
(1) 99.01.230-Seismic Safety Corrections, Hertz Hall—Preliminary plans and working drawings .....	850,000
Los Angeles Campus:	
(2) 99.04.225-Engineering 1 Seismic Mitigation—Working drawings.....	1,350,000
Santa Cruz Campus:	
(2.5) 99.07.140-Sinsheimer Laboratories, Fire Sprinklers—Preliminary plans, working drawing, and construction .....	725,000
Irvine Campus:	
(3) 99.09.340-Computer Science Unit 3—Preliminary plans .....	1,779,000
Provisions:	
1. Notwithstanding Section 13332.11 of the Government Code or any other provision of law, the University of California may proceed with any phase of any project identified in the above schedule, including preparation of preliminary plans, working drawings, construction, or equipment purchase, without the need for any further approvals.	
2. The University of California shall complete each project identified in the above schedule within the total funding amount specified in the schedule for that project. Notwithstanding Section 13332.11 of the Government Code or any other provision of law, the budget for any project to be funded from this item may be augmented by the University of California within the total appropriation made by	

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this item, in an amount not to exceed 10 percent of the amount appropriated for that project. No funds appropriated by this item for equipment may be used for an augmentation under this provision, or be augmented from any other funds appropriated by this item. This condition does not limit the authority of the University of California to use non-state funds.

3. The University of California shall complete each project identified in the above schedule without any change to its scope. The scope of a project means, in this respect, the intended purpose of the project as determined by reference to the following elements of the budget request for that project submitted by the University of California to the Department of Finance: (a) the program elements related to project type, and (b) the functional description of spaces required to deliver the academic and supporting programs as approved by the Legislature.
4. Notwithstanding Section 2.00 of this act or any other provision of law, the appropriation made by this item is available for encumbrance during the 2002–03 and 2003–04 fiscal years, except that the funds appropriated for construction only must be bid during the 2002–03 fiscal year and will be available for expenditure through 2003–04 and that the funds appropriated for equipment purposes are available for encumbrance until June 30, 2005. For the purposes of encumbrance, funds appropriated for construction management and project contingencies purposes, as well as any bid savings, shall be deemed to be encumbered at the time a contract is awarded; these funds also may be used to initiate consulting contracts necessary for management of the project during the liquidation period. Any savings identified at the completion of the project also may be used during the liquidation period to fund the purposes described in Provision 2 and Provision 5.
5. Identified savings in a budget for a capital outlay project, as appropriated by this item, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used without further approval: (a) to augment projects consistent with Provision 2, (b) to proceed further with the underground tank correc-



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<p>tions program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, (d) to proceed with the design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990, or (e) to fund minor capital outlay projects.</p> <p>6. No later than December 1 of each year, the University of California shall submit a report outlining the expenditure for each project of the funds appropriated by this item to the Chair of the Joint Legislative Budget Committee, the chairs of the fiscal committees of each house, the Legislative Analyst, and the Director of Finance. The report also shall include the following elements: (a) a statement of the identified savings by project, and the purpose for which the identified savings were used; (b) a certification that each project as proceeding or as completed, has remained within its scope and the amount funded for that project under this item; and (c) an evaluation of the outcome of the project measured against performance criteria.</p>	
<p>6440-302-6014—For capital outlay, University of California, payable from the Water and Watershed Education Subaccount.....</p>	3,000,000
<p>Schedule:</p> <p>Davis Campus:</p> <p>(1) 99.03.215-Watershed Science Research Center—Preliminary plans, working drawings and construction.</p>	3,000,000
<p>6440-302-6028—For capital outlay, University of California, payable from the Higher Education Capital Outlay Bond Fund of 2002 .....</p>	47,449,000
<p>Schedule:</p> <p>Berkeley Campus:</p> <p>(1) 99.01.210-Stanley Hall Seismic Mitigation—Construction .....</p> <p>(2) 99.01.230-Seismic Safety Corrections, Hertz Hall—Construction....</p>	16,737,000 4,830,000
<p>Los Angeles Campus:</p> <p>(3) 99.04.225-Engineering 1 Seismic Mitigation—Construction .....</p>	24,928,000
<p>Irvine Campus:</p> <p>(4) 99.09.340-Computer Science Unit 3—Working drawings .....</p>	954,000

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## Provisions:

1. Notwithstanding Section 13332.11 of the Government Code or any other provision of law, the University of California may proceed with any phase of any project identified in the above schedule, including preparation of preliminary plans, working drawings, construction, or equipment purchase, without the need for any further approvals.
2. The University of California shall complete each project identified in the above schedule within the total funding amount specified in the schedule for that project. Notwithstanding Section 13332.11 of the Government Code or any other provision of law, the budget for any project to be funded from this item may be augmented by the University of California within the total appropriation made by this item, in an amount not to exceed 10 percent of the amount appropriated for that project. No funds appropriated by this item for equipment may be used for an augmentation under this provision, or be augmented from any other funds appropriated by this item. This condition does not limit the authority of the University of California to use non-state funds.
3. The University of California shall complete each project identified in the above schedule without any change to its scope. The scope of a project means, in this respect, the intended purpose of the project as determined by reference to the following elements of the budget request for that project submitted by the University of California to the Department of Finance: (a) the program elements related to project type, and (b) the functional description of spaces required to deliver the academic and supporting programs as approved by the Legislature.
4. Notwithstanding Section 2.00 of this act or any other provision of law, the appropriation made by this item is available for encumbrance until December 31, 2004, except that the funds appropriated for construction only must be bid by December 31, 2003, and are available for expenditure through December 31, 2004, and that the funds appropriated for equipment purposes are available for encumbrance until December 31, 2005. For the purposes of encumbrance, funds appropriated for construction management and project contin-

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gencies purposes, as well as any bid savings, shall be deemed to be encumbered at the time a contract for that purpose is awarded; these funds also may be used to initiate consulting contracts necessary for management of the project during the liquidation period. Any savings identified at the completion of the project also may be used during the liquidation period to fund the purposes described in subdivisions (a), (b), (c), (d), and (e) of Provision 5.

5. Identified savings in a budget for a capital outlay project, as appropriated by this item, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used without further approval: (a) to augment projects consistent with Provision 2, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, (d) to proceed with the design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990, or (e) to fund minor capital outlay projects.
6. No later than December 1 of each year, the University of California shall submit a report outlining the expenditure for each project of the funds appropriated by this item to the Chair of the Joint Legislative Budget Committee, the chairs of the fiscal committees of each house, the Legislative Analyst, and the Director of Finance. The report also shall include the following elements: (a) a statement of the identified savings by project, and the purpose for which the identified savings were used; (b) a certification that each project as proceeding or as completed, has remained within its scope and the amount funded for that project under this item; and (c) an evaluation of the outcome of the project measured against performance criteria.
7. Notwithstanding Section 13332.11 of the Government Code or any other provision of law, the Stanley Hall seismic mitigation project on the Berkeley Campus shall not be subject to the administrative oversight of the State Public Works

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Board and shall not be eligible for any augmentation otherwise available under Section 13332.11 of the Government Code.	
6440-490—Reappropriation, University of California. Notwithstanding any other provision of law, the balances as of June 30, 2002, of the appropriations provided in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for in the appropriations and shall be available for encumbrance and expenditure until June 30, 2003:	
0001—General Fund	
(1) Item 6440-001-0001 of Section 2.00 of the Budget Act of 2001 (Ch. 106, Stats. 2001).	
Provisions:	
1. Of the funds reappropriated in this item from Item 6440-001-0001 of Section 2.00 of the Budget Act of 2001 (Ch. 106, Stats. 2001), \$15,000,000, none of which may be derived from the funding provided for the Professional Development Institutes, shall be available for deferred maintenance, special repair projects, and the replacement of instructional equipment. As of June 30, 2002, the balance of the funds from that item in excess of \$15,000,000 shall revert to the General Fund.	
2. The University of California shall report to the Department of Finance and the Joint Legislative Budget Committee the amount of the balance, on June 30, 2002, of Item 6440-001-0001 of Section 2.00 of the Budget Act of 2001 (Ch. 106, Stats. 2001), by September 30, 2002, and the expenditures made pursuant to this item by September 30, 2003.	
6440-491—Reappropriation-University of California. The balances of the appropriations provided in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided in those appropriations:	
0574—Higher Education Capital Outlay Bond Fund of 1998	
(1) Item 6440-301-0574, Budget Act of 2000 (Ch. 52, Stats. 2000) as reappropriated by Item 6440-491, Budget Act of 2001 (Ch. 106, Stats. 2001)	
Merced Campus:	
(22) 99.11.005-Site Development and Infrastructure, Phase 1—Working drawings and construction	

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(2) Item 6440-302-0574, Budget Act of 2000 (Ch. 52, Stats. 2000)	
Los Angeles Campus:	
(7) 99.04.310-Health Science Seismic Replacement Building 2—Construction	
(3) Item 6440-301-0574, Budget Act of 2001 (Ch. 106, Stats. 2001)	
Berkeley Campus:	
(2) 99.01.190-Seismic Safety Corrections, LeConte Hall—Construction	
Irvine Campus:	
(26) 99.09.320.201-Rowland Hall Seismic Improvements—Preliminary plans and working drawings	
0660—Public Building Construction Fund	
(4) Item 6440-301-0660, Budget Act of 2001 (Ch. 106, Stats. 2001)	
Merced Campus:	
(2) 99.11.005-Site Development and Infrastructure, Phase 1—Construction	
(3) 99.11.020-Science and Engineering Building—Construction and equipment	
(4) 99.11.025-Library/Information Technology Center—Construction and equipment	
Riverside Campus:	
(5) 99.05.140-Heckmann International Center for Management—Preliminary plans, working drawings, and construction	
6600-001-0001—For support of Hastings College of the Law .....	15,422,000
Provisions:	
1. The appropriation made in this item is exempt from Section 31.00 of this act.	
2. Of the funds appropriated in this item, \$774,000 is for support of Program 40, Student Services, to provide financial aid to needy students attending the Hastings College of the Law, according to the nationally accepted needs analysis methodology.	
6600-001-0814—For support of Hastings College of the Law, for allocation by the Controller in accordance with the provisions of Section 8880.5 of the Government Code as enacted by the voters in Proposition 37 at the November 1984 general election, payable from the California State Lottery Education Fund...	154,000
Provisions:	
1. All funds received pursuant to Proposition 37 that are allocable to the Hastings College of the Law	

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<p>pursuant to Section 8880.5 of the Government Code, and that are in excess of the amount appropriated in this item are hereby appropriated in augmentation of this item.</p>	
<p>6600-301-6028—For capital outlay, Hastings College of the Law.....</p>	831,000
<p>Schedule:</p>	
<p>(1) 60.10.002-200 McAllister Street Facility: Code Compliance Update—Preliminary plans.....</p>	831,000
<p>Provisions:</p>	
<p>1. Identified savings in funds encumbered from this general obligation bond fund for construction contracts for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used: (a) to begin working drawings for a project for which preliminary plan funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990, or (e) to fund minor capital outlay projects.</p>	
<p>2. The appropriation made in this item for studies, preliminary plans, working drawings, or minor capital outlay shall be available for expenditure until December 31, 2003. In addition, the balance of every appropriation made in this item that contains funding for construction that has not been allocated, through fund transfer or approval to proceed to bid, by the Department of Finance on or before December 31, 2003, shall revert as of that date.</p>	
<p>6600-490—Reappropriation, Hastings College of the Law. Notwithstanding any other provision of law, the balance, as of June 30, 2002, of the appropriation provided in the following citation is reappropriated</p>	

Item	Amount
and shall be available for encumbrance and expenditure until June 30, 2003: 0001—General Fund (1) Item 6600-001-0001, Budget Act of 2001 (Ch. 106, Stats. 2001). Provisions: 1. The Hastings College of the Law shall report to the Department of Finance and the Joint Legislative Budget Committee the amount of the balance, on June 30, 2002, of Item 6600-001-0001 of the Budget Act of 2001 (Ch. 106, Stats. 2001), by September 30, 2002, and shall also report the expenditures made pursuant to this item by September 30, 2003.	
6600-491—Reappropriation, Hastings College of the Law. Notwithstanding any other provision of law, the balance of the appropriation provided in the following citation is reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided in the appropriation: 0658—Higher Education Capital Outlay Bond Fund of 1996 Item 660-301-0658, Budget Act of 1997 (Ch. 282, Stats. 1997) (1) 60.10.001-198 McAllister Street Building-Renovation—Construction	
6610-001-0001—For support of the California State University .....	2,617,173,000
Schedule:	
(1) Support .....	3,494,437,000
(2) Reimbursements .....	-154,265,000
(3) Amount payable from the Higher Education Fees and Income, CSU Fund (Item 6610-001-0498)....	-722,999,000
Provisions:	
1. The appropriations made in this item are exempt from Section 31.00 of this act, except as otherwise provided by the applicable sections of the Government Code referred to in Section 31.00.	
2. Of the amount appropriated in this item, \$814,000 is available for transfer to the California State University and Colleges Special Projects Fund pursuant to Section 25008.5 of the Public Resources Code, which allows state agencies to retain 50 percent of the financial benefits realized through energy savings projects.	

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3. Of the amount appropriated in this item, \$7,235,000 is provided for payment of energy service contracts in connection with the issuance of Public Works Board Energy Efficiency Revenue Bonds.	
4. Of the amount appropriated in this item, \$350,000 is for transfer to the Affordable Student Housing Revolving Fund for the purpose of subsidizing interest costs in connection with bond financing for construction of affordable student housing at the Fullerton and Hayward Campuses in accordance with Article 3 (commencing with Section 90085) of Chapter 8 of Part 55 of the Education Code.	
5. Of the amount appropriated in this item, \$1,878,000 is for repayment of the \$17,000,000 financed for the California State University through a third party for deferred maintenance projects in the 1994–95 fiscal year. It is the intent of the Legislature to annually provide funds for that repayment purpose through the 2009–10 fiscal year.	
6. Of the amount appropriated in this item, \$2,309,000 is for repayment of the \$24,000,000 financed for the California State University through a third party for deferred maintenance projects in the 1995–96 fiscal year. It is the intent of the Legislature to annually provide funds for that repayment purpose through the 2010–11 fiscal year.	
7. Of the amount appropriated in this item, \$1,700,000 is for support of the converted Stockton Developmental Center into the Regional and Continuing Education Center at CSU, Stanislaus.	
8. Of the amount appropriated in this item, \$2,000,000 is provided to support the Bilingual Teacher Recruitment Program.	
9. Of the funds appropriated in this item, \$2,000,000 is provided for a teacher recruitment program to be operated by the California Center for Teaching Careers (CalTeach). No later than September 1, 2002, the California State University shall submit a report to the Governor and the Legislature on the progress of its teacher-related advertising and outreach efforts, including coordination with the Teacher Recruitment Incentive Program and other teacher incentive programs established pursuant to Chapter 70, Statutes of 2000.	



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10. Of the funds appropriated in Schedule (1), a minimum of \$15,000,000 shall be used to fund new and existing outreach programs that are aimed at improving the chances for K–12 pupils from a wide diversity of backgrounds to become eligible and prepared for the California State University. Of this total, \$5,000,000 is provided for faculty-to-faculty alliance with high school teachers of English and mathematics, \$4,000,000 is provided for learning assistance programs in high school, and \$2,000,000 is provided for the Precollegiate Academic Development Program at the California State University, \$2,000,000 is for the California State University Educational Opportunity Program (Art. 6 (commencing with Sec. 89251), Ch. 2, Pt. 55, Ed. C.), and \$2,000,000 is for the California Academic Partnership Program (Ch. 11 (commencing with Sec. 11000), Pt. 7, Ed. C.).
11. Of the amount appropriated in this item, \$51,147,000 is provided for student financial aid grants, including \$33,785,000 for State University grants and \$17,362,000 for grants pursuant to the California State University Educational Opportunity Program. These financial aid funds shall be provided to needy students according to the nationally accepted needs analysis methodology.
12. Notwithstanding Section 70000 of the Education Code, Governor’s Teaching Fellowships may not be awarded in 2002–03 and no funding is provided for this purpose.
14. It is the intent of the Legislature that, of the amount appropriated in Schedule (1), \$1,157,000 is to provide full marginal cost funding for 240 existing full-time equivalent (FTE) summer enrollments at California State University (CSU), Chico. This funding shall be used to assist in efforts to increase the number of students served in CSU Chico’s state-supported summer programs. The Legislature expects that CSU Chico will increase enrollments by at least 72 FTE students in the summer of 2002—for a minimum total summer enrollment of 312 FTE students. The CSU shall report to the Legislature by December 1, 2002, on whether it has met the summer 2002 enrollment goal. If it does not

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meet this goal, the Director of Finance shall revert to the General Fund a share of the \$1,157,000 that is proportionate to the share of the enrollment goal that was not met.

- 15. The amount appropriated in Schedule (1) reflects a \$43,000,000 reduction from the amount appropriated in the Budget Act of 2001 for Information Technology, Instructional Equipment, Library Materials, and Facilities Maintenance.
- 18. Of the funds appropriated in this item, \$140,000 is for an Export Delivery Study pursuant to legislation.
- 19. Of the funds appropriated in this item, \$50,000 is for the CSU Centers for Excellence pursuant to legislation.
- 20. The California State University shall defer new expenditures related to the CMS/Peoplesoft project in the 2002–03 fiscal year, and until the California Bureau of Audits completes its audit of the CMS project (Audit #2002-110). As such, the university shall not enter into new contracts for consulting services, hardware, software, licenses, or any new products or services related to the CMS project that are not required expenditures per contractual obligations in effect as of July 1, 2002. The effect of this section is to defer the completion of the CMS project until 2007.

6610-001-0498—For support of the California State University, for payment to Item 6610-001-0001, payable from the Higher Education Fees and Income, CSU Fund ..... 722,999,000

Provisions:

- 1. All funds received in the Higher Education Fees and Income, CSU Fund, that are in excess of the amount appropriated in this item are hereby appropriated in augmentation of this item.

6610-001-0890—For support of the California State University, payable from the Federal Trust Fund..... 27,500,000

Provisions:

- 1. All funds deposited in the Federal Trust Fund for the California State University for the purposes of this item and that are in excess of the amount appropriated in this item are hereby appropriated in augmentation of this item and are exempt from Section 28.00 of this act, pursuant to subdivision (a) of Section 89753 of the Education Code.

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6610-002-0001—For support of the California State University for transfer to and in augmentation of Item 6610-001-0001, for the purpose of providing direct costs and administrative overhead expenses for the Assembly, Senate, Executive and Judicial Fellows programs and the Center for California Studies .....	2,887,000
Schedule:	
(1) Center for California Studies— Fellows Program.....	565,000
(2) Center for California Studies— Other .....	41,000
(3) Assembly Fellows .....	563,000
(4) Senate Fellows .....	563,000
(5) Executive Fellows .....	562,000
(6) Judicial Fellows .....	406,000
(7) LegiSchool Project.....	125,000
(8) Sacramento Semester Internship Program.....	62,000
6610-003-0001—For support of the California State University for payments on lease-purchase bonds.....	60,410,000
Schedule:	
(1) Rental, insurance and administra- tive payments .....	68,532,000
(2) Reimbursements .....	-8,122,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
6610-301-0574—For capital outlay, California State University, payable from the Higher Education Capital Outlay Bond Fund of 1998.	
Provisions:	
1. Identified savings in funds encumbered from this general obligation bond fund for construction contracts for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used prior to the appropriation reversion date:	
(a) to begin working drawings for a project for which preliminary plans funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further	

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with the underground tank corrections program, (c) to perform engineering evaluations on buildings identified as potentially in need of seismic retrofitting, (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990, (e) to fund minor capital outlay projects, or (f) feasibility studies for capital outlay.

No later than March 1, 2003, the California State University shall provide the Legislative Analyst with a progress report showing the identified savings, by project, and the purpose for which the identified savings were used.

No later than November 1, 2003, the California State University shall prepare a report showing the identified savings, by project, and the purpose for which the identified savings were used. This report shall be submitted to the Chairperson of the Joint Legislative Budget Committee and to the chairpersons of the fiscal committees in each house.

6610-301-0658—For capital outlay, California State University, payable from the Higher Education Capital Outlay Bond Fund of 1996.

Provisions:

1. Identified savings in funds encumbered from this general obligation bond fund for construction contracts for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used prior to the appropriation reversion date: (a) to begin working drawings for a project for which preliminary plans funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act, (e) to fund minor capital outlay projects, or (f) feasibility studies for capital outlay.

No later than March 1, 2003, the California State University shall provide the Legislative

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Analyst with a progress report showing the identified savings, by project, and the purpose for which the identified savings were used.

No later than November 1, 2003, the California State University shall prepare a report showing the identified savings, by project, and the purpose for which the identified savings were used. This report shall be submitted to the Chairperson of the Joint Legislative Budget Committee and to the chairpersons of the fiscal committees in each house.

6610-301-0705—For capital outlay, California State University, payable from the Higher Education Capital Outlay Bond Fund of 1992.

Provisions:

1. Identified savings in funds encumbered from this general obligation bond fund for construction contracts for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used prior to the appropriation reversion date: (a) to begin working drawings for a project for which preliminary plans funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, or (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act.

No later than March 1, 2003, the California State University shall provide the Legislative Analyst with a progress report showing the identified savings, by project, and the purpose for which the identified savings were used.

No later than November 1, 2003, the California State University shall prepare a report showing the identified savings, by project, and the purpose for which the identified savings were used. This report shall be submitted to the Chairperson of the Joint Legislative Budget Committee and to the chairpersons of the fiscal committees in each house.

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6610-301-0782—For capital outlay, California State University, payable from the Higher Education Capital Outlay Bond Fund.

Provisions:

1. Identified savings in funds encumbered from this general obligation bond fund for construction contracts for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used prior to the appropriation reversion date: (a) to begin working drawings for a project for which preliminary plans funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, or (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act.

No later than March 1, 2003, the California State University shall provide the Legislative Analyst with a progress report showing the identified savings, by project, and the purpose for which the identified savings were used.

No later than November 1, 2003, the California State University shall prepare a report showing the identified savings, by project, and the purpose for which the identified savings were used. This report shall be submitted to the Chairperson of the Joint Legislative Budget Committee and to the chairpersons of the fiscal committees in each house.

6610-301-0785—For capital outlay, California State University, payable from the 1988 Higher Education Capital Outlay Bond Fund.

Provisions:

1. Identified savings in funds encumbered for construction contracts from this general obligation bond fund after completion of a capital outlay project, and upon resolution of all change orders and claims, may be used prior to the appropriation reversion date: (a) to begin working drawings for a capital outlay project for which preliminary plans funds have been appropriated and the plans

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have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, or (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act.

No later than March 1, 2003, the California State University shall provide the Legislative Analyst with a progress report showing the identified savings, by project, and the purpose for which the identified savings were used.

No later than November 1, 2003, the California State University shall prepare a report showing the identified savings, by project, and the purpose for which the identified savings were used. This report shall be submitted to the Chairperson of the Joint Legislative Budget Committee and to the chairpersons of the fiscal committees in each house.

6610-301-0791—For capital outlay, California State University, payable from the June 1990 Higher Education Capital Outlay Bond Fund.

Provisions:

1. Identified savings in funds encumbered from this general obligation bond fund for construction contracts for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used prior to the appropriation reversion date: (a) to begin working drawings for a project for which preliminary plans funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings identified as potentially in need of seismic retrofitting, or (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990.

No later than March 1, 2003, the California State University shall provide the Legislative

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Analyst with a progress report showing the identified savings, by project, and the purpose for which the identified savings were used.	
<p>No later than November 1, 2003, the California State University shall prepare a report showing the identified savings, by project, and the purpose for which the identified savings were used. This report shall be submitted to the Chairperson of the Joint Legislative Budget Committee and to the chairpersons of the fiscal committees in each house.</p>	
6610-301-6028—For capital outlay, California State University, payable from the Higher Education Capital Outlay Bond Fund of 2002 .....	124,094,000
Schedule:	
(1) 06.48.315-Systemwide: Minor Capital Outlay—Preliminary plans, working drawings and construction.	20,000,000
(2) 06.50.059-Bakersfield: Telecommunications Infrastructure—Construction.....	5,336,000
(3) 06.51.004-Maritime Academy: Engineering Building Renovation and Addition—Equipment.....	1,037,000
(4) 06.56.091-Fresno: Telecommunications Infrastructure—Construction..	18,149,000
(5) 06.62.087-Fullerton: Telecommunications Infrastructure—Construction.....	6,724,000
(5.5) 06.67.087.202-Humboldt: Behavioral and Social Sciences Phase I—Construction.....	26,800,000
(6) 06.68.066-San Marcos: Telecommunications Infrastructure—Construction.....	1,986,000
(7) 06.74.002-Monterey Bay: Telecommunications Infrastructure—Construction.....	10,988,000
(8) 06.80.152-San Diego: Telecommunications Infrastructure—Construction.....	11,248,000
(9) 06.84.094-San Francisco: Telecommunications Infrastructure—Construction.....	14,593,000
(10) 06.84.098-San Francisco: Renovate Hensil Hall (Seismic)—Equipment.....	225,000



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(11) 06.86.112-San Jose: Telecommu- nications Infrastructure— Construction.....	7,008,000

Provisions:

1. Identified savings in funds encumbered from this general obligation bond fund for construction contracts for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used prior to the appropriation reversion date: (a) to begin working drawings for a project for which preliminary plans funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, or (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act.

No later than March 1, 2003, the California State University shall provide the Legislative Analyst with a progress report showing the identified savings, by project, and the purpose for which the identified savings were used.

No later than November 1, 2003, the California State University shall prepare a report showing the identified savings, by project, and the purpose for which the identified savings were used. This report shall be submitted to the Chairperson of the Joint Legislative Budget Committee and to the chairpersons of the fiscal committees in each house.

2. The appropriation made in this item for studies, preliminary plans, working drawings, or minor capital outlay shall be available for expenditure until December 31, 2003. In addition, the balance of every appropriation made in this item that contains funding for construction that has not been allocated, through fund transfer or approval to proceed to bid, by the Department of Finance on or before December 31, 2003, shall revert as of that date.
3. It is the intent of the Legislature that the California State University work with the City of Arcata

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to make reasonable efforts to address community concerns regarding the exterior design, parking, and traffic issues relating to the Humboldt State University Social and Behavioral Sciences Building.

6610-302-0574—For capital outlay, California State University, payable from the Higher Education Capital Outlay Bond Fund of 1998.

Provisions:

1. Identified savings in a budget for a capital outlay project, as appropriated by this item, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used: (a) to begin working drawings for a project for which preliminary plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings identified as potentially in need of seismic retrofitting, (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990, (e) to fund minor capital outlay projects, or (f) to fund feasibility studies for capital outlay.
2. No later than March 1 of each year, the California State University shall submit a report detailing the expenditure for each project of the funds appropriated by this item to the Chair of the Joint Legislative Budget Committee, the chairs of the fiscal committees of each house, the Legislative Analyst, and the Director of Finance. The report also shall include the following elements: (a) a statement of the identified savings by project, and the purpose for which the identified savings were used; (b) a certification that each project as proceeding or as completed, has remained within its scope and the amount funded for that project under this item; and (c) an evaluation of the outcome of the project measured against performance criteria.

6610-302-6028—For capital outlay, California State University, payable from the Higher Education Capital Outlay Bond Fund of 2002 .....

165,767,000

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Schedule:	
(1) 06.52.097-Chico: Education Classroom/Faculty Office Addition—Equipment .....	678,000
(2) 06.52.109-Chico: Student Services Center—Preliminary plans.....	811,000
(3) 06.54.059-Dominguez Hills: Technology Center, Health and Administrative Services Building—Equipment .....	3,802,000
(4) 06.54.080-Dominguez Hills: Electrical Infrastructure Renovation—Preliminary plans, working drawings, and construction.....	2,855,000
(5) 06.62.070-Fullerton: Physical Education Addition/Renovation—Equipment .....	987,000
(6) 06.62.093-Fullerton: Campuswide Fire Life Safety—Preliminary plans, working drawings and construction.....	9,649,000
(7) 06.64.080-Hayward: Business and Technical Building—Preliminary plans, working drawings and construction.....	11,500,000
(8) 06.68.117-San Marcos: Library Information Center—Equipment .....	7,431,000
(8.5) 06.74.006-Monterey Bay: Library—Preliminary plans, working drawings, and construction.....	4,311,000
(9) 06.71.105-Long Beach: Peterson Hall Addition—Equipment .....	3,780,000
(10) 06.71.111-Long Beach: Library Addition and Renovation—Preliminary plans, working drawings and construction.....	19,083,000
(11) 06.73.082-Los Angeles: Music Building Remodel—Equipment....	795,000
(12) 06.80.143-San Diego: Science Laboratory Building—Equipment.	3,805,000
(13) 06.82.083-Northridge: Engineering Renovation Phase II—Preliminary plans, working drawings, and construction.....	14,739,000
(14) 06.83.001-Channel Islands: Science Lab Building—Equipment ...	1,262,000

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(15) 06.86.107-San Jose: Joint Library—Equipment.....	8,095,000
(16) 06.92.063-Stanislaus: Drama Ceiling Seismic—Preliminary plans, working drawings, and construction.....	675,000
(17) 06.92.064-Stanislaus: Science II (Seismic)—Preliminary plans.....	922,000
(18) 06.96.108-San Luis Obispo: Engineering/Architecture Renovation and Replacement, Phase I—Equipment.....	2,430,000
(19) 06.96.108-San Luis Obispo: Engineering/Architecture Renovation and Replacement, Phase II—Preliminary plans, working drawings, and construction.....	34,948,000
(20) 06.98.107-Pomona: Library Addition and Renovation—Preliminary plans, working drawings, and construction.....	33,209,000

Provisions:

1. Notwithstanding Section 13332.11 of the Government Code or any other provision of law, the California State University may proceed with any phase of any project identified in the above schedule, including preparation of preliminary plans, working drawings, construction, or equipment purchase, without the need for any further approvals.
2. The California State University shall complete each project identified in the above schedule within the total funding amount specified in the schedule for that project. Notwithstanding Section 13332.11 of the Government Code or any other provision of law, the budget for any project to be funded from the Higher Education Capital Outlay Bond Fund of 2002 may be augmented by the California State University within the total appropriation made by this item, in an amount not to exceed 10 percent of the amount appropriated for that project. No funds appropriated in this item for equipment may be used for an augmentation under this provision, or be augmented from any other funds appropriated by this item. This condi-

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<p>tion does not limit the authority of the California State University to use nonstate funds for these purposes.</p> <p>3. The California State University shall complete each project identified in the above schedule without any change to its scope. The scope of a project means, in this respect, the intended purpose of the project as determined by reference to the following elements of the budget request for that project submitted by California State University to the Department of Finance: (a) the program elements related to project type, and (b) the functional description of spaces required to deliver the academic and supporting programs as approved by the Legislature.</p> <p>4. Notwithstanding Section 2.00 of this act or any other provision of law, the appropriation made in this item is available for encumbrance until December 31, 2004, except that the funds appropriated for construction only must be bid by December 31, 2003, and will be available for expenditure through December 31, 2004, and funds appropriated for equipment purposes are available for encumbrance until December 31, 2005. For the purposes of encumbrance, funds appropriated for construction management and project contingencies purposes as well as any bid savings, shall be deemed to be encumbered at the time a contract for that purpose is awarded; these funds also may be used to initiate consulting contracts necessary for management of the project during the liquidation period. Any savings identified at the completion of the projects also may be used during the liquidation period to fund the purposes described in subdivisions (a), (b), (c), (d) and (e) of Provision 5.</p> <p>5. Identified savings in a budget for a capital outlay project, as appropriated by this item, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used: (a) to begin working drawings for a project for which preliminary plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evalu-</p>	

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<p>ations on buildings identified as potentially in need of seismic retrofitting, (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990, (e) to fund minor capital outlay projects, or (f) to fund feasibility studies for capital outlay.</p> <p>6. No later than March 1 of each year, the California State University shall submit a report detailing the expenditure for each project of the funds appropriated by this item to the Chair of the Joint Legislative Budget Committee, the chairs of the fiscal committees of each house, the Legislative Analyst, and the Director of Finance. The report also shall include the following elements: (a) a statement of the identified savings by project, and the purpose for which the identified savings were used; (b) a certification that each project as proceeding or as completed, has remained within its scope and the amount funded for that project under this item; and (c) an evaluation of the outcome of the project measured against performance criteria.</p>	
<p>6610-490—Reappropriation, California State University. Notwithstanding any other provision of law, the balances of the appropriations provided in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for in the appropriations and shall be available for expenditure until June 30, 2003:</p>	
<p>0001—General Fund</p>	
<p>(1) Item 6610-001-0001, Budget Act of 2001 (Ch. 106, Stats. 2001)</p>	
<p>Provisions:</p>	
<p>1. Of the funds reappropriated in this item from Item 6610-001-0001, Budget Act of 2001 (Ch. 106, Stats. 2001), up to \$15,000,000 shall be available for the general support of the California State University. This \$15,000,000 limitation applies only to reappropriations generated from system-wide allocations. As of June 30, 2002, the balance generated from systemwide allocations in excess of \$15,000,000 shall revert to the General Fund.</p>	
<p>2. The California State University shall, by September 30, 2002, report to the Department of Finance and the Joint Legislative Budget Committee the amount of the balance as of June 30, 2002, of Item</p>	

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6610-001-0001 of the Budget Act of 2001 (Ch. 106, Stats. 2001), and a proposed expenditure plan for that balance. The California State University shall report by September 30, 2003, on the expenditures made pursuant to this item.	
0498—Higher Education Fees and Income, CSU Fund	
(1) Item 6610-001-0498, Budget Act of 2001 (Ch. 106, Stats. 2001).	
6870-001-0001—For support of Board of Governors of the California Community Colleges.....	11,619,000
Schedule:	
(1) 10-Appportionments.....	1,204,000
(2) 20-Special Services and Operations .....	17,477,000
(3) 30.01-Administration.....	4,607,000
(4) 30.02-Administration—Distributed .....	-4,607,000
(5) Reimbursements.....	-7,062,000
Provisions:	
1. Funds appropriated in this item may be expended or encumbered to make one or more payments under a personal services contract of a visiting educator pursuant to Section 19050.8 of the Government Code, a long-term special consultant services contract, or an employment contract between an entity that is not a state agency and a person who is under the direct or daily supervision of a state agency, only if all of the following conditions are met:	
(a) The person providing service under the contract provides full financial disclosure to the Fair Political Practices Commission in accordance with the rules and regulations of the commission.	
(b) The service provided under the contract does not result in the displacement of any represented civil service employee.	
(c) The rate of compensation for salary and health benefits for the person providing service under the contract does not exceed by more than 10 percent the current rate of compensation for salary and health benefits determined by the Department of Personnel Administration for civil service personnel in a comparable position. The payment of any other compensation or any reimbursement for	

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travel or per diem expenses shall be in accordance with the State Administrative Manual and the rules and regulations of the Department of Personnel Administration.	
6870-001-0574—For support of Board of Governors of the California Community Colleges, Program 20.40.010-Facilities Planning, payable from the Higher Education Capital Outlay Bond Fund of 1998.....	985,000
6870-001-0909—For support for the Board of Governors of the California Community Colleges, Program 20.30.020-Instructional Improvement and Innovation, payable from the Special Grant Cash Account of the Fund for Instructional Improvement Program	10,000
6870-001-0925—For support of Board of Governors of the California Community Colleges, Program 20.30.050-Economic Development, payable from the California Business Resources and Assistance Innovation Network Fund .....	10,000
6870-101-0001—For local assistance, Board of Governors of the California Community Colleges (Proposition 98).....	2,670,792,000
Schedule:	
(1) 10.10.010-Apportionments .....	1,704,396,000
(2) 10.10.020-Basic Skills and Apprenticeship.....	40,552,000
(3) 10.10.030-Growth for Apportionment.....	114,308,000
(4) 10.10.040-Partnership for Excellence.....	300,000,000
(5) 20.10.005-Student Financial Aid Administration .....	8,100,000
(6) 20.10.010-Extended Opportunity Programs and Services and Special Services.....	96,065,000
(7) 20.10.013-Teacher and Reading Development Partnerships.....	5,000,000
(8) 20.10.020-Disabled Students.....	83,608,000
(10) 20.10.045-Special Services for CalWORKs Recipients.....	35,000,000
(11) 20.10.060-Foster Care Education Program.....	1,866,000
(12) 20.10.070-Matriculation.....	64,307,000
(12.5) 20.20.015-Faculty and Staff Development.....	1,000,000
(13) 20.20.020-Academic Senate for the Community Colleges.....	497,000



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(14) 20.20.040-Faculty and Staff Diversity .....	1,859,000
(15) 20.20.050-Part-Time Faculty Health Insurance .....	1,000,000
(16) 20.20.051-Part-time Faculty Compensation.....	57,000,000
(17) 20.20.055-Part-time Faculty Office Hours .....	7,172,000
(18) 20.30.011-Telecommunications and Technology Infrastructure .....	24,500,000
(19) 20.30.012-California Virtual University .....	2,900,000
(20) 20.30.020-Instructional Improvement, for transfer to the Community Colleges Fund for Instructional Improvements .....	1,630,000
(21) 20.30.045-Fund for Student Success .....	6,233,000
(22) 20.30.050-Economic Development.....	40,322,000
(23) 20.30.070-Transfer Education and Articulation.....	1,974,000
(24) 20.40.025-Scheduled Maintenance/Special Repairs .....	31,752,000
(25) 20.40.035-Instructional Equipment and Library Materials Replacement.....	31,751,000
(26) 20.40.040-Hazardous Substances..	8,000,000

Provisions:

1. The funds appropriated in Schedules (1), (2), (3), (4), (5), (6), (8), (10), (11), (12), (12.5), (14), (15), (16), (17), (18), (22), and (25) are for transfer by the Controller during the 2002–03 fiscal year to Section B of the State School Fund.
2. Of the funds appropriated in Schedule (1), Apportionments, up to \$100,000 is for a maintenance allowance, pursuant to regulations adopted by the board of governors. Up to \$500,000 is to reimburse colleges for the costs of federal aid repayments related to assessed fees for fee waiver recipients. This reimbursement only applies to students who completely withdraw from college before the census date.
3. Notwithstanding any other provision of law, \$27,823,000 of the funds appropriated in Schedule (2), is for allocation to community college dis-

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tricts in the 2002–03 fiscal year for the purposes of funding FTES in courses in basic skills, including English-as-a-second-language courses and workforce preparation courses for newly legalized immigrants, to the extent the total FTES claimed by a district for the 2002–03 fiscal year exceeds the level of total FTES funded for that district in the 2002–03 fiscal year. The Chancellor of the California Community Colleges shall develop criteria for allocating these funds.

4. (a) Of the amount appropriated in Schedule (2), up to \$12,729,000 shall be available as necessary upon certification by the Chancellor of the California Community Colleges for the purpose of funding community college-related and supplemental instruction pursuant to Section 3074 of the Labor Code as provided in Section 8152 of the Education Code. No community college district shall use funds available under this provision to offer any new apprenticeship training program or the expansion of any existing program unless the new program or expansion has been approved by the chancellor.
- (b) Notwithstanding Section 8152 of the Education Code, each 60-minute hour of teaching time devoted to each indentured apprentice enrolled in and attending classes of related and supplemental instruction as provided under Section 3074 of the Labor Code shall be reimbursed at the rate of four dollars and eighty-six cents (\$4.86) per hour. For purposes of this provision, each hour of teaching time may include up to 10 minutes for passing time and breaks.
5. Notwithstanding any other provision of law, the funds appropriated in Schedule (3) of this item shall only be allocated for growth in FTES, on a district-by-district basis, as determined by the Chancellor of the California Community Colleges.
6. Funds provided in Schedule (4) are for the Partnership for Excellence Program established pursuant to Section 84754 of the Education Code. It is the intent of the Legislature that community college districts increase the level of instruction

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and student services provided to meet the system-wide goal for student transfer. The goal for the California Community Colleges is to increase the number of “transfer ready” students to provide enough applicants to increase by at least 6 percent annually the number of transfer students eligible to enroll at the University of California through the year 2005–06. The goal is also to increase the number of “transfer ready” students to provide enough eligible applicants to increase by at least 5 percent annually the number of transfer students eligible to enroll at the California State University through the year 2005–06.

In administering the provisions of Sections 66734 and 84754 of the Education Code, the chancellor shall review the capacity and readiness of each community college district to meet the needs of students desiring to transfer. From within existing resources, the chancellor shall provide technical assistance to community college districts as necessary to assure that each community college district identifies options to use its local resources most effectively for providing reasonable opportunities to transfer for students served by the district. Technical assistance shall be provided to any college with persistently low numbers or rates of transfer, with the goal that the number of transfers will increase by an average of 10 percent annually, as necessary to overcome these low numbers or rates by the 2004–05 academic year. On or before March 1, 2002, the chancellor shall provide a progress report to the Governor and the Legislature on this review and technical assistance, and, on or before April 15 of each year thereafter, shall report on progress each community college has made in increasing the number of transfers, along with campus expenditures on transfer-related activities, as part of the annual Partnership for Excellence report submitted to the Governor and the Legislature in accordance with paragraph (1) of subdivision (e) of Section 84754 of the Education Code.

7. Of the funds appropriated in Schedules (2) and (5), the funds not required for the 2002–03 fiscal year to meet the demand for the programs funded under those schedules shall be made available on

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- a one-time basis for general apportionment under Schedule (1) of this item, provided that no transfer shall occur prior to May 15, 2003.
8. Of the funds appropriated in Schedule (6), \$83,695,000 is for Extended Opportunity Programs and Services in accordance with Article 8 (commencing with Section 69640) of Chapter 2 of Part 42 of the Education Code. Of this amount \$6,000,000 may only be allocated to serve 10,000 additional students over the number served in the 1999–2000 fiscal year. Funds provided in this item for Extended Opportunity Programs and Services (EOPS) shall be available to students on all campuses within the California Community College system, including those students on new campuses or in new districts. \$12,370,000 is for funding, at all colleges, the Cooperative Agencies Resources for Education (CARE) program in accordance with Article 4 (commencing with Section 79150) of Chapter 9 of Part 48 of the Education Code. The board of governors shall allocate funds on a priority basis and to local programs on the basis of need for student services.
  9. Of the funds appropriated in Schedule (6), at least \$5,000,000 shall only be available to increase the amount of grants to students for purchasing books. In addition, these funds shall not supplant the amount of resources used for book grants by the community colleges in Extended Opportunity Programs and Services.
  10. The funds appropriated in Schedule (7) are for funding the 2002–03 costs for the Community College Teacher and Reading Development Partnerships. Grants are designed to both encourage promising students to pursue careers in teaching through development of an articulated internship program with school districts and California State University institutions and to assist elementary school pupils to develop improved reading skills. Acceptance of grants shall constitute concurrence by the district to collect and provide all information specified by the chancellor. The board of governors shall administer the program in accordance with the plan approved by the Office of the Secretary for Education.

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11. (a) The funds appropriated in Schedule (8) are for local assistance for funding the excess direct instructional cost of providing special support services or instruction, or both, to disabled students enrolled at community colleges, and for state hospital programs.
- (b) Of the amount appropriated in Schedule (8), \$3,945,000 shall be used to address deficiencies identified by the federal Office of Civil Rights (OCR) as follows:
  - (1) \$597,000 to provide access to print information to visually impaired students by creating and printing braille versions of written materials.
  - (2) \$3,348,000 to provide accessibility to hearing impaired distance education students by having live and closed captioning on telecourses and other video and Internet related instructions.
- (c) Of the amount appropriated in Schedule (8) at least \$943,000 shall be used for support of the High Tech Centers for activities including, but not limited to, training of district employees, staff and students in the use of specialized computer equipment for the disabled. All High Tech Centers shall meet standards developed by the chancellor's office. Colleges that receive these augmentations shall not supplant existing resources provided to the centers.
- (d) Notwithstanding any other provision of law, of the funds appropriated in Schedule (8) of this item, \$1,529,000 shall be for state hospital adult education programs at the hospitals served by the Coast, Kern, and West Valley Community College Districts since the 1986-87 fiscal year. The amount provided includes the level of funding provided for these state hospital programs in the 1986-87 fiscal year, plus subsequent cost-of-living adjustments if provided. If adult education services at any of the three hospitals are not supported by the community colleges in the 2002-03 fiscal year, the associated funds shall, upon order of the Department of Finance, after 30 days' notice to the Chairperson of the Joint Legislative Budget Commit-

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- tee, be transferred to the State Department of Developmental Services (DDS). For any transfer of funds to DDS during the 2002–03 fiscal year, the Proposition 98 base funding levels for community colleges and DDS shall be adjusted accordingly.
12. Of the funds appropriated in Schedule (21):
    - (a) Up to \$1,944,000 is for the Puente Project to support 75 colleges and is available if these funds are matched by \$200,000 of private funds and the participating community colleges and University of California campuses maintain their 1995–96 support level for the Puente Project. These funds are not required to be allocated on a temporary basis and may be allocated on a permanent basis to support a Puente Project that meets the conditions of the Puente Project contract agreement. All funding shall be allocated directly to participating districts in accordance with their participation agreement.
    - (b) Up to \$2,489,000 is for the Mathematics, Engineering and Science Achievement (MESA) Programs. These funds are not required to be allocated on a temporary basis and may be allocated on a permanent basis provided the conditions for receipt of funds continue to be met. For each dollar allocated, the recipient district shall provide one dollar in matching funds.
    - (c) No less than \$1.8 million is reserved for maintaining middle college high school programs pursuant to the Governor’s initiative.
    - (d) With the exception of special part-time students at the community colleges pursuant to Section 48802 of the Education Code, student workload based on participation in the Middle College High School Program shall not be eligible for community college state apportionment.
  13. The funds appropriated in Schedule (10), Special Services for CalWORKs recipients, are for the purpose of assisting welfare recipient students and those in transition off of welfare to achieve long-term self-sufficiency through coordinated student services offered at community colleges, including: workstudy, other educational related

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work experience, job placement services, child care services, and coordination with county welfare offices to determine eligibility and availability of services. All services funded in this schedule shall be for current CalWORKs recipients or prior CalWORKs recipients who are in transition off of cash assistance for no more than two years. Current cash assistance recipients may utilize these services until their initial educational objectives are met. Former recipients in transition off of cash assistance may utilize these services for a period of up to two years after leaving cash assistance subject to the conditions of this provision. These funds shall be used to supplement and not supplant existing funds and services provided for CalWORKs recipients attending community colleges. The chancellor shall develop an equitable method for allocating funds to all districts and colleges based on the relative numbers of CalWORKs recipients in attendance and shall allocate funds for the following purposes:

- (a) Job placement.
- (b) Coordination with county welfare offices and other local agencies, including local workforce investment boards.
- (c) Curriculum development and redesign.
- (d) Child care and workstudy.
- (e) Instruction.
- (f) Postemployment skills training and related skills.

Of the amount appropriated in Schedule (10) of this item, \$15,000,000 shall be for child care and shall not require a district match. For the remaining \$20,000,000, districts shall, as a condition of receipt of these funds, provide a \$1 match for every \$1 provided by the state.

Funds utilized for subsidized child care shall be for children of CalWORKs recipients through campus-based centers or parental choice vouchers at rates and with rules consistent with those applied to related programs operated by the State Department of Education, including eligibility, reimbursement rates, and parental contribution schedules. Subsidized campus child care for CalWORKs recipients may be provided during the period they are engaged in qualifying state and

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federal work activities through attainment of their initial education and training plan and for up to three months thereafter or until the end of the academic year, whichever period of time is greater.

Funds utilized for workstudy shall be used solely for payments to employers that currently participate in campus-based workstudy programs or are providing work experiences that are directly related to and in furtherance of student educational programs, provided that those payments may not exceed 75 percent of the wage for the workstudy positions, and the employers shall pay at least 25 percent of the wage for the workstudy position. These funds may be expended only if the total hours of education, employment, and workstudy for the student are sufficient to meet both state and federal minimum requirements for qualifying work-related activities.

Funds may be used to provide credit or non-credit classes for CalWORKs students if a district has committed all of its funded FTES and is unable to offer the additional instructional services to meet the demand for CalWORKs students. This determination shall be based on fall enrollment information. Districts shall make application to the chancellor's office by October 15. If the chancellor approves the use of funds for direct instructional workload, the chancellor's office shall submit a report to the Joint Legislative Budget Committee by November 15, 2002, that (1) identifies the enrollment of new CalWORKs students, (2) states whether and why additional classes were needed to accommodate the needs of CalWORKs students, and (3) sets forth an expenditure plan for the balance of funds.

As a condition of receipt of the funds appropriated in Schedule (10), by the fourth week following the end of the semester or quarter term commencing in January 2003, each participating community college shall submit to the chancellor's office a report, in the format specified by the chancellor in consultation with the State Department of Social Services, that includes, but is not limited to, the funded components, the number of hours of child care provided, the average



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monthly enrollment of CalWORKs dependents served in child care, the number of workstudy hours provided, the hourly salaries and type of jobs, the number of students being case managed, the short-term programs available, the student participation rates, and other outcome data. It is intended that, to the extent practical, reporting from colleges utilize data gathered for federal reporting requirements at the state and local level. Further, it is intended that the chancellor's office compile the information for annual reports to the Legislature, the Governor, the Legislative Analyst, and the Departments of Finance and Social Services by November 15 of each year as specified in the annual Budget Act.

First priority for expenditures of any funds appropriated in Schedule (10) shall be in support of current CalWORKs recipients. However, if caseloads are insufficient to fully utilize all of the funding in this schedule in a cost beneficial way, it is intended that up to \$5,000,000 of the \$20,000,000 subject to local matching requirements may be allocated for providing postemployment services to former CalWORKs recipients who have been off of cash assistance for no longer than two years to assist them in upgrading skills, job retention, and advancement. Allowable services include direct instruction that cannot be funded under available growth funding, child care to support attendance in these classes consistent with this provision, job development and placement services, and career counseling and assessment activities which cannot be funded through other programs. Child care services may only be provided for periods commensurate with a student's need for postemployment training within the two-year transitional period.

Prior to allocation of funds for postemployment services, the chancellor shall first secure the approval of the Department of Finance for the allocations, complete a cumulative report on the outcomes, activities, and cost-effectiveness of the program no later than November 15, 2002, in compliance with the Budget Acts of 1998 (Ch. 324, Stats. 1998) and 1999 (Ch. 50, Stats. 1999) and this act, and shall provide the rationale and

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justification for the proposed allocation of postemployment services to districts for transitional students.	
15. Nonfederal funds appropriated in Schedule (10) of this item have been budgeted to meet the state's Temporary Assistance for Needy Families maintenance-of-effort requirement pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193) and may not be expended in any way that would cause their disqualification as a federally allowable maintenance-of-effort expenditure.	
16. The funds in Schedule (11) of this item shall be allocated to provide foster parent training. Funds shall be allocated in such a manner as to ensure priority for training required by Section 1529.2 of the Health and Safety Code. Districts shall make services available to foster parents to satisfy the requirements of Section 1529.2 of the Health and Safety Code as a first priority. Remaining funds may be used for services to foster child relative caretakers and for additional parenting skills, thereafter.	
18. (a) The funds appropriated in Schedule (12) are for the purpose of student matriculation, as specified in Article 1 (commencing with Section 78210) of Chapter 2 of Part 48 of the Education Code.	
(b) Of the amount appropriated in Schedule (12), an amount equal to 15.64 percent of that amount shall be allocated to community college districts on a one-to-one matching fund basis to provide matriculation services to include, but not be limited to, orientation, assessment, and counseling for students enrolled in designated noncredit classes and programs who may benefit most, as determined by the Chancellor of the California Community Colleges pursuant to Sections 78216 to 78218, inclusive, of the Education Code.	
19. The funds in Schedule (16) of this item shall be allocated solely to increase compensation for part-time faculty from the amounts previously authorized. Funds shall be distributed to districts based on the total actual full-time equivalent stu-	

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dents served in the previous fiscal year and include a small district factor as determined by the chancellor. These funds are to be used to assist districts in making part-time faculty salaries more comparable to full-time salaries for similar work, as determined by each district's local collective bargaining unit. These funds shall not supplant the amount of resources each district used to compensate part-time faculty or be used to exceed parity of each part-time faculty employed by each district with regular full-time faculty at the same district, as certified by the chancellor. If a district achieves parity, its allocation may be used for any other educational purpose.

21. (a) \$12,500,000 of the funds provided in Schedule (18) shall be for the purpose of providing allocations to all districts. It is the intent that colleges receiving these funds shall maintain all of the capabilities specified in the Budget Acts of 1996 through 2002 for the Telecommunications and Technology Infrastructure program. The funds appropriated in this item shall be allocated by the chancellor, shall not supplant existing funds used for technology and networking purposes, and shall be subject to established fiscal controls, annual reporting and accountability requirements specified by the chancellor. It is the intent that this allocation shall enable further development of networks. Therefore, colleges shall match maintenance and ongoing costs with other funds, after installation, for the following required purposes: (1) maintenance of communication lines, software and other costs associated with connecting to the collaborative California State University/California Community College telecommunications wide area network (4C Net); (2) video conference connectivity, transport, maintenance, and training; (3) local planning and development for improving library technology including library automation, connections to college local area networks and connections to external databases; (4) digital satellite systems and the following optional purposes: (A) the development, ex-

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pansion, and maintenance of local area networks both within and between buildings: (B) development, expansion, and maintenance of districtwide wide area networks for interconnecting multiple campuses and off-campus centers within a district; and (C) implementation of local technology applications that are intended to improve student learning and other services.

All provisions related to technology standards and telecommunication plans as specified in Provision 17(a) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 1996 (Ch. 162, Stats. 1996) and Provision 14(a) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 1997 (Ch. 282, Stats. 1997), shall apply.

- (b) \$12,000,000 of the funds provided in Schedule (18) of this item shall be for the purpose of supporting technical and application innovations and for coordination of activities that serve to maximize the utility of the technology investments of the community college system toward improving learning outcomes. Allocations shall be made by the chancellor, based on criteria and guidelines as developed by the chancellor, on a competitive basis through the RFA/RFP application process as follows:
- (1) All provisions as specified in Provision 17(b)(2) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 1996 (Ch. 162, Stats. 1996) shall apply to Provision (1) above.
  - (2) Not more than \$10,000,000 shall be available for centers to provide regional coordination for technical assistance and planning, cooperative purchase agreements, and faculty and staff development. All other provisions as specified in Provision 17(b)(3) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 1996 (Ch. 162, Stats. 1996) shall apply. \$4.0 million is intended to fund the segment's share of upgrading the 4C Net backbone from an OC-3 to an

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- OC-12 Network and shall be matched dollar for dollar by the CSU. If this condition is not met, the chancellor shall report the reasons the expenditure should still be made on any other use of the funds using the reporting provisions of the Section 28.00 process. \$2.3 million is for the development and implementation of a systemwide audio bridging and telephony capability of the 4C Net backbone to facilitate collaboration of faculty, students, and staff in instruction, student services, and shared governance activities.
- (3) \$2,000,000, or as much as necessary, shall be available for a statewide digital uplink for the purpose of delivering statewide satellite services to system colleges and districts related to instruction, student support, and administration.
- (c) The chancellor shall submit an annual report to the Legislative Analyst, the budget and fiscal committees of the Legislature, and the Department of Finance no later than November 1, 2002, identifying any changes to the standards developed pursuant to the control provisions for this program in the Budget Act of 1997 (Ch. 282, Stats. 1997), the status of the implementation of the Telecommunication and Technology Infrastructure Program to date and any additional needs, including the reasons therefore.
22. The funds provided in Schedule (19) of this item shall be available for grants to districts to fund California Virtual University distance education centers, for instructing faculty in teaching courses online, and other expenses for conversion of courses for distance education. The funds appropriated in this item shall not supplant existing funds and shall be subject to established fiscal controls, annual reporting and accountability requirements specified by the chancellor. The chancellor shall develop criteria for the allocation of these funds. As a condition of receipt of the funds, colleges are required to submit to the chancellor's office reports in a format speci-

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- fied by the chancellor sufficient to document the value and productivity of this program including but not limited to numbers and nature of courses converted, and the amount of distance education instructional workload services provided as a result of these courses. It is intended that the chancellor's office further develop the reporting criteria for participating colleges and submit that for review along with an annual progress report on program implementation to the Legislative Analyst, Office of the Secretary for Education, and the Department of Finance no later than November 1, 2002, for review and comment.
23. Of the funds provided in Schedule (22) for the Economic Development Program:
- (a) \$17,536,000 is allocated for grants for regional business resources assistance and innovation Network Centers.
  - (b) \$7,537,000 is allocated for Industry Driven Regional Education and Training Collaboratives. These grants shall be made on a competitive basis and the award amounts shall not be restricted to any predetermined limit, but rather shall be funded on their individual merits.
  - (c) \$4,149,000 is allocated for statewide network leadership, organizational development, coordination, information and support services, or other program purposes.
  - (d) \$5,000,000 is available for Job Development Incentive Training programs focused on job creation for public assistance recipients. Any annual savings from this subdivision shall only be available for expenditure for one-time activities listed under subdivision (j) of Section 88531 of the Education Code.
  - (e) \$2,100,000 is allocated for Mexican International Trade Centers operated consistent with the requirements of subdivision (a) of Section 1 of Chapter 959 of the Statutes of 1999.
  - (f) \$4,000,000 is allocated to continue enrollment growth provided for community college nursing programs pursuant to paragraph (2) of subdivision (a) of Section 2 of Chapter 514 of the Statutes of 2001.

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- (g) The following provisions apply to the expenditure of funds within subdivisions (a) and (b) above: Funds allocated for centers and regional collaboratives shall seek to maximize the use of state funds for subdivisions (g) through (j) of Section 88531 of the Education Code. Funds allocated to districts for purposes of subdivisions (g) and (i) of Section 88531 of the Education Code for performance-based training and student internships shall be matched by a minimum of \$1 of private business and industry funding for each \$1 of state funds. Funds allocated for purposes of subdivision (h) of Section 88531 of the Education Code for credit and noncredit instruction may be transferred to Schedule (1) or (3) to facilitate distribution at the chancellor's discretion. Any funds that become available from Network Centers due to savings, discontinuance, or reduction of amounts shall first be made available for additional allocations in subdivision (b) above to increase the level of subsidized training otherwise available.
- (h) Funds allocated by the board of governors under this provision may not be used by community college districts to supplant existing courses or contract education offerings. The chancellor shall ensure that funds are spent only for expanded services and shall implement accountability reporting for districts receiving these funds to ensure that training, credit, and noncredit programs remain relevant to business needs. Programs that do not demonstrate continued relevance and support by business shall not be eligible for continued funding. The board of governors shall consider the level of involvement and financial commitments of business and industry as primary factors in making awards. The chancellor shall incorporate grant requirements into its guidelines for audits of Economic Development grants.
- (i) A primary objective of the Economic Development program is to maximize instruction, to prepare students for entry-level jobs, to in-

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- crease skills of the current workforce, and to stimulate the growth of businesses through training so that more jobs are created. The chancellor shall submit an annual report to the Legislative Analyst, the budget and fiscal committees of the Legislature, and the Department of Finance, commencing March 1, 2003, and each March 1 annually thereafter, that includes the amount provided to each Economic Development regional center and each industry-driven regional education and training collaborative, and to the extent practicable, the total number of hours of contract education services, performance-based training, credit and noncredit instruction, and job placements created as a result of this program by each center and collaborative.
24. Of the funds appropriated in Schedule (23), \$589,000 is for Project Assist, \$835,000 is for the California Articulation Number (CAN) system, \$550,000 is for faculty articulation workshops through fiscal year 2004–05.
  25. The funds appropriated in Schedule (24) of this item and Schedule (1) of Item 6870-485 shall be distributed by the Chancellor of the California Community Colleges to community college districts on a project-by-project basis based on priority of need for the project. As a condition of receiving these funds, a district shall certify that it will increase its operations and maintenance spending from 1995–96 fiscal year actual levels by the amount of the allocation plus an amount to be provided from district discretionary funds equivalent to \$1 for each \$1 of state funds. The chancellor may waive all or a portion of the matching requirement, case by case, based upon a review of a district's financial condition. The question of whether a district has complied with its resolution shall be reviewed under the annual audit of that district.
  26. The funds appropriated in Schedule (25) and Schedule (2) of Item 6870-485 are available for the purpose of providing community college districts with funds to replace high priority instructional equipment and library materials. The



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Chancellor of the California Community Colleges shall allocate these funds on the basis that, for every \$3 of funds allocated from Schedule (25) of this item or Schedule (2) of Item 6870-485, the recipient district shall provide \$1 in matching funds. These funds shall not be used for personal services costs or operating expense.

Of the funds appropriated in Schedule (25), \$5 million is available only to institute competitive matching grants for workforce development instructional equipment based on the ability of the grant to leverage the best industry match, at a minimum \$1 industry for every \$2 allocated by the state. Up to 10% of these grants may be authorized for staff training in the use of new equipment.

27. Of the funds appropriated in Schedules (24), (25) and (26) of this item and Schedules (1) and (2) of Item 6870-485, the Chancellor of the California Community Colleges shall have the discretion to transfer funds among these schedules to fund the highest infrastructure priorities of the system. Funds from Schedules (24) and (26) of this item and Schedule (1) of Item 6870-485 may be used to fund architectural barrier removal projects that meet the requirements of the federal Americans with Disabilities Act of 1990 and seismic retrofit projects limited to \$400,000. Districts that receive funds for architectural barrier removal projects shall provide a \$1 match for every \$1 provided by the state. The amounts in Schedules (24) and (26) of this item and Schedule (1) of Item 6870-485 shall be available for expenditure until June 30, 2004.
29. Pursuant to Sections 69648.5, 78216, and 84850 of the Education Code, the Board of Governors of the California Community Colleges may allocate funds appropriated in Schedules (6), (8), and (12) of this item by grant or contract, or through the apportionment process, to one or more districts for the purpose of providing program evaluation, accountability, monitoring, or program development services, as appropriate under the applicable statute.

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6870-101-0814—For local assistance, Board of Governors of the California Community Colleges, for allocation by the Controller in accordance with the provisions of Section 8880.5 of the Government Code as enacted by the voters in Proposition 37 at the November 1984 general election, payable from the California State Lottery Education Fund .....	138,089,000
Provisions:	
1. All funds received pursuant to Proposition 37 that are allocable to community college districts pursuant to Section 8880.5 of the Government Code, that are in excess of the amount appropriated in this item, are hereby appropriated in augmentation of this item.	
6870-101-0909—For local assistance, Board of Governors of the California Community Colleges, payable from the Community College Fund for Instructional Improvement .....	1,975,000
Schedule:	
(1) 20.30.021-Instructional Improvement Grants .....	1,630,000
(2) 20.30.022-Instructional Improvement Loans.....	345,000
6870-101-0925—For local assistance, Board of Governors of the California Community Colleges, Program 20.30.050-Economic Development, payable from California Business Resources and Assistance Innovation Network Fund .....	15,000
6870-101-0959—For local assistance, Board of Governors of the California Community Colleges, for Program 20.10.060-Student Services Foster Parent Training Program, payable from the Foster Children and Parent Training Fund pursuant to Section 903.7 of the Welfare and Institutions Code .....	2,967,000
6870-103-0001—For local assistance, Board of Governors of the California Community Colleges (Proposition 98), to allow selected community colleges to make the required lease-purchase payments.....	36,668,000
Schedule:	
(1) Rental and administration .....	57,641,000
(2) Reimbursements .....	-20,973,000
Provisions:	
1. The funds appropriated in this item are for transfer by the Controller during the 2002–03 fiscal year to Section B of the State School Fund.	
2. The Controller shall transfer funds appropriated in this item according to a schedule to be provided	

Item	Amount
by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
6870-111-0001—For local assistance, Board of Governors of the California Community Colleges.....	0
Schedule:	
(1) 10.20-CalWORKs Services.....	8,000,000
(1.5) 20.10.015-AmeriCorps Program..	4,079,000
(2) 20.10.060-Foster Parent Training ...	6,589,000
(3) 20.30.030-Vocational Education.....	58,871,000
(3.5) 20.30.060-Workforce Investment Act .....	1,328,000
(4) Reimbursements .....	-78,867,000
Provisions:	
1. The amounts appropriated in Schedules (1) and (3) of this item are for transfer by the Controller to Section B of the State School Fund.	
2. The funds appropriated in Schedule (1) of this item are to fund additional fixed, variable, and one-time costs for providing support services and instruction for CalWORKs students which include but are not limited to: job placement and coordination; curriculum development and redesign; child care and workstudy; and instruction. As a condition for funding, colleges are required to submit a plan to the chancellor’s office on how the funds will be utilized which shall be based on collaboration with county welfare offices about the services and instruction that is needed for CalWORKs recipients.	
3. Of the funds appropriated in Schedule (3) of this item, \$1,880,000 in reimbursements represents a one-time carryover of unexpended funds from the 2001–02 fiscal year.	
6870-295-0001—For local assistance, Board of Governors of the California Community Colleges, (Proposition 98), for reimbursement, in accordance with provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandate by statute or executive order, for disbursement by the Controller.....	1,691,000
Schedule:	
(1) 98.01.000.184—Health Fees (Ch. 1, Stats. 1984, 2nd Ex. Sess.).....	1,691,000

Item

Amount

Provisions:

1. Except as provided in Provision 2 of this item, allocation of funds appropriated in this item to the appropriate local entities shall be made by the State Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated by this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.
2. If the scheduled amount is insufficient to provide full reimbursement of costs, the State Controller may, upon written approval by the Director of Finance, augment those deficient amounts from the unencumbered balance of Item 6110-295-0001 of this act. No order may be issued pursuant to this provision unless written notification of the necessity therefor is provided to the chairperson of the committee in each house which considers appropriation and the Chairperson of the Joint Legislative Budget Committee or his or her designee.

6870-301-0574—For capital outlay, Board of Governors of the California Community Colleges to be allocated by the Board of Governors to community college districts for expenditure as set forth in the schedule below, payable from the 1998 Higher Education Capital Outlay Bond Fund ..... 13,160,000

Schedule:

- Coast Community College District
- Orange Coast College
- (.5) 40.11.311-Seismic Retrofit
  - Library—Demolition..... 1,449,000
- Contra Costa Community College District
- Diablo Valley College
- (1) 40.13.221-Seismic Retrofit-Technical Education Building—
  - Preliminary plans, working drawings and construction ..... 1,153,000

Item	Amount
Gavilan Joint Community College District	
Gavilan College	
(1.2) 40.17.104-Adaptive Physical Education—Construction.....	3,722,000
Los Angeles Community College District	
West Los Angeles College	
(1.4) 40.26.905-Child Development Center—Equipment.....	230,000
San Bernardino Community College District	
San Bernardino Valley College	
(2) 40.46.209-Replace Art Building Seismic/FEMA—Construction.....	1,659,000
(3) 40.46.213-Seismic Replacement, Campus Center—Construction.....	1,653,000
(4) 40.46.214-Seismic Replacement, Administration—Construction .....	2,450,000
San Jose-Evergreen Community College District	
San Jose City College	
(5) 40.50.203-Science Building—Preliminary plans and working drawings.....	844,000
6870-301-6028—For capital outlay, Board of Governors of the California Community Colleges to be allocated by the Board of Governors to community college districts for expenditure as set forth in the schedule below, payable from the 2002 Higher Education Capital Outlay Bond Fund .....	133,088,000
Schedule:	
Allan Hancock Community College District	
Allan Hancock College	
(1) 40.02.112-Library/Media Technology Center—Working drawings....	315,000
Butte-Glenn Community College District	
Butte College	
(2) 40.05.106-Learning Resource Center—Working drawings .....	608,000
Cabrillo Community College District	
Watsonville Center	
(3) 40.06.110-Watsonville Center, Phase 2—Equipment.....	1,005,000
Cerritos Community College District	
Cerritos College	
(6) 40.07.118-Science and Math Complex—Life Safety—Construction.....	16,443,000

Item	Amount
Chaffey Community College District	
Chaffey College	
(7) 40.08.109-Science Building— Construction .....	9,489,000
Desert Community College District	
College of the Desert	
(8) 40.10.112-Seismic Retrofit-Dining Hall—Construction .....	989,000
Contra Costa Community College District	
Diablo Valley College	
(9) 40.13.218-Life Science Recon- struction—Equipment.....	713,000
(10) 40.13.220-Life Science Remodel/ Laboratories—Working drawings..	141,000
Los Medanos College	
(11) 40.13.313-Learning Resource Center—Working drawings .....	284,000
San Ramon Valley Center	
(12) 40.13.400-Phase I Building— Working drawings.....	1,085,000
Fremont-Newark Community College District	
Ohlone College	
(13) 40.16.108-Child Development Center—Construction.....	4,635,000
Glendale Community College District	
Glendale College	
(14) 40.18.122-Allied Health/Aviation Lab—Working drawings .....	332,000
Grossmont-Cuyamaca Community College District	
Cuyamaca College	
(15) 40.19.116-Science & Technology Mall—Working drawings .....	562,000
Grossmont College	
(16) 40.19.207-New Science Build- ing—Working drawings .....	439,000
Hartnell Community College District	
Hartnell College	
(17) 40.20.101-Library/Learning Re- source Center Complex—Working drawings.....	690,000
Lake Tahoe Community College District	
Lake Tahoe Community College	
(18) 40.23.111-Learning Resource Center—Working drawings .....	214,000

Item	Amount
Long Beach Community College District	
Long Beach City College	
(19) 40.25.115-Replacement of Technology Buildings—Construction and equipment .....	8,146,000
(20) 40.25.116-Child Development Center—Equipment.....	197,000
Los Angeles Community College District	
East Los Angeles College	
(21) 40.26.105-Technology Building—Equipment .....	1,945,000
Los Angeles Mission College	
(23) 40.26.408-Child Development Center—Working drawings .....	470,000
Los Angeles Southwest College	
(24) 40.26.607-Child Development Center—Working drawings .....	162,000
Los Angeles Trade-Tech College	
(25) 40.26.702-Child Development Center—Working drawings .....	117,000
Los Angeles Valley College	
(26) 40.26.803-Health Science Building—Working drawings .....	435,000
Los Rios Community College District	
American River College	
(27) 40.27.102-Learning Resource Center Expansion—Working drawings.....	310,000
Monterey Peninsula Community College District	
Monterey Peninsula College	
(28) 40.32.102-Plant Service Complex (H&S)—Equipment.....	70,000
Mt. San Antonio Community College District	
Mt. San Antonio College	
(29) 40.33.111-Seismic Retrofit-Four Buildings—Construction .....	1,880,000
(30) 40.33.112-Science Building Replacement—Construction.....	18,879,000
North Orange Community College District	
Cypress College	
(31) 40.36.100-Library/Learning Resource Center—Working drawings	499,000
Fullerton College	
(32) 40.36.200-Library/Learning Resource Center—Construction .....	15,926,000

Item	Amount
Palo Verde Community College District	
Palo Verde College	
(33) 40.37.102-Technology Building Phase II—Working drawings .....	246,000
Rancho Santiago Community College District	
Santa Ana College	
(34) 40.41.124-Physical Education— Seismic Replacement Expansion— Working drawings .....	223,000
Riverside Community College District	
Riverside College	
(35) 40.44.101-Learning Resource Center—Equipment .....	2,534,000
Chinatown	
(40) 40.48.108-Campus Building— Working drawings .....	1,185,000
San Joaquin Delta Community College District	
San Joaquin Delta College	
(40.5) 40.49.105-Electron Microscopy Technology Center—Equipment ...	661,000
(41) 40.49.106-Electrical System —Construction .....	2,766,000
San Luis Obispo County Community College District	
Cuesta College	
(42) 40.51.112-Theater Arts Build- ing—Working drawings .....	397,000
North County Center	
(43) 40.51.200-Initial Building-Science Cluster—Construction .....	8,107,000
San Mateo County Community College District	
Districtwide	
(43.5) 40.52.004-Seismic Upgrade Phase 1—Construction .....	1,817,000
(44) 40.52.006-Fire Alarm Replace- ment Phase II—Construction .....	1,998,000
College of San Mateo	
(45) 40.52.206-Seismic Retrofit-Stu- dent Services Building #6— Construction .....	3,745,000
Skyline College	
(46) 40.52.307-Seismic Retrofit-Gym Building #3—Construction .....	1,567,000
(47) 40.52.308-Seismic Retrofit-Build- ings #7 and #8—Construction .....	3,923,000



Item	Amount
Santa Barbara Community College District	
Santa Barbara City College	
(48) 40.53.120-Gymnasium Re-model—Working drawings .....	164,000
Sequoias Community College District	
College of the Sequoias	
(49) 40.56.112-Science Center—Working drawings.....	390,000
Shasta-Tehama-Trinity Jt. Community College District	
Shasta College	
(50) 40.57.103-Library Addition—Working drawings.....	243,000
Sonoma County Community College District	
Santa Rosa Junior College	
(51) 40.61.402-Learning Resource Center—Working drawings .....	1,028,000
Chabot-Las Positas Community College District	
Las Positas College	
(52) 40.62.215-Physical Education, Gym-Phase I—Working drawings.	466,000
Southwestern Community College District	
Southwestern College	
(53) 40.63.104-Child Development Center—Working drawings .....	193,000
State Center Community College District	
Reedley College	
(54) 40.64.400-Learning Resource Center Addition—Working drawings .....	195,000
Ventura County Community College District	
Moorpark College	
(55) 40.65.108-Learning Resource and Technology Center—Equipment ...	2,708,000
(56) 40.65.109-Child Development Center—Working drawings .....	103,000
Ventura College	
(57) 40.65.304-Learning Resource Center—Equipment.....	2,848,000
Victor Valley Community College District	
Victor Valley Community College	
(58) 40.66.116-Seismic Retrofit-Auxiliary Gymnasium—Construction ...	1,000,000

Item	Amount
West Hills Community College District Kings County Center (59) 40.67.204-Classrooms/ Laboratories Phase 2B—Working drawings.....	372,000
West Valley-Mission Community College District Mission College (60) 40.69.208-Main Building 3rd Floor Reconstruction—Working drawings .....	167,000
Yuba Community College District Yuba College (61) 40.71.106-Adaptive Physical Edu- cation Therapy Facility— Construction .....	1,218,000
Woodland Center (62) 40.71.305-Science Building— Construction .....	5,844,000

Provisions:

1. The appropriation made in this item for studies, preliminary plans, working drawings, or minor capital outlay is available for expenditure until December 31, 2003. In addition, the balance of every appropriation made in this item that contains funding for construction that has not been allocated, through fund transfer or approval to proceed to bid, by the Department of Finance on or before December 31, 2003, shall revert as of that date.

6870-485—Reappropriation (Proposition 98) California Community Colleges. The sum of \$53,189,000 is reappropriated from the Proposition 98 Reversion Account for the following purposes.

0001—General Fund

- (1) \$17,248,000 to the California Community Colleges for the purpose of funding fiscal year 2002–03 costs for the Scheduled Maintenance/Special Repairs Program.
- (2) \$17,249,000 to the California Community Colleges for the purpose of funding fiscal year 2002–03 costs for the Instructional Equipment and Library Materials Replacement Program.
- (3) \$9,000,000 to the California Community Colleges for the purpose of funding fiscal year 2002–03 costs for Special Services for Cal-

Item	Amount
<p>WORKs Recipients. These funds are to be used in accordance with the provisional language associated with funds provided for Special Services for CalWORKs Recipients in Schedule (10) of Item 6870-101-0001, but do not require a local match.</p>	
<p>6870-486—Reappropriation (Proposition 98), California Community Colleges. Notwithstanding any other provision of law, the balances as of June 30, 2002, of the appropriations provided in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for in the appropriations and shall be available for encumbrance and expenditure until June 30, 2003:</p> <p>0001—General Fund</p> <p>(1) An amount not to exceed \$20,000,000 from Item 6870-101-0001, Budget Act of 2001 (Ch. 106, Stats. 2001), exclusive of balances from Schedule (1), Apportionments, and Schedule (3), Growth for Apportionments, shall be available for Special Services for CalWORKs Recipients, Matriculation, and Faculty and Staff Development.</p>	
<p>6870-490—Reappropriation, Board of Governors of the California Community Colleges. Notwithstanding any other provision of law, the balances of the appropriations provided in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided in those appropriations:</p> <p>0574—Higher Education Capital Outlay Bond Fund of 1998</p> <p>(1) Item 6870-301-0574, Budget Act of 1999 (Ch. 50, Stats. 1999), as reappropriated by Item 6870-490, Budget Act of 2000 (Ch. 52, Stats. 2000), and by Item 6870-490, Budget Act of 2001 (Ch. 106, Stats. 2001)</p> <p>Marin Community College District College of Marin (Kentfield Campus)</p> <p>(46) 40.28.206-Child Development Center—Construction</p> <p>(2) Item 6870-301-0574, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 6870-490, Budget Act of 2001 (Ch. 106, Stats. 2001)</p>	

Item	Amount
Los Angeles Community College District	
Los Angeles Southwest College	
(33) 40.26.606-Seismic Replacement—Student Services-Construction	
San Bernardino Community College District	
San Bernardino Valley College	
(53) 40.46.206-Seismic Replacement—Life Science Building-Construction	
(3) Item 6870-301-0574, Budget Act of 2001 (Ch. 106, Stats. 2001), as amended by Chapter 891, Statutes of 2001	
Cerritos Community College District	
Cerritos College	
(7) 40.07.114-Seismic Retrofit—Liberal Arts-Construction	
(8) 40.07.115-Seismic Retrofit—Social Sciences-Construction	
(9) 40.07.116-Seismic Retrofit—Metals-Working Drawings	
(10) 40.07.117-Seismic Retrofit—Electronics-Working drawings	
(11) 40.07.118-Science and Math Complex—Life Safety-Working drawings	
Contra Costa Community College District	
Diablo Valley College	
(17) 40.13.218-Life Science Renovation—Construction	
(18) 40.13.219-Seismic Retrofit—Humanities Building-Construction	
El Camino Community College District	
El Camino College	
(19) 40.14.109-Science Complex Renovation (H&S)—Construction	
Long Beach Community College District	
Long Beach City College	
(26) 40.25.116-Child Development Center—Construction	
Los Angeles Community College District	
East Los Angeles College	
(27) 40.26.105-Technology Building—Construction	
Los Angeles City College	
(28) 40.26.204-Child Care Development Center—Working drawings	
Los Angeles Trade-Tech College	
(30) 40.26.701-Building F Mechanical System Conversion—Construction	

Item	Amount
Monterey Peninsula Community College District Monterey Peninsula College (36) 40.32.102-Plant Services Complex (H&S)— Construction	
Mt. San Antonio Community College District Mt. San Antonio College (38) 40.33.112-Science Building Replacement— Working drawings	
North Orange Community College District Fullerton College (41) 40.36.201-Seismic Retrofit, Home-Fine Arts Building—Construction	
Rancho Santiago Community College District Santa Ana College (44) 40.41.119-Seismic Retrofit, Auto Diesel— Construction	
(45) 40.41.120-Seismic Retrofit, Library— Construction	
San Bernardino Community College District San Bernardino Valley College (48) 40.46.205-Child Development Center— Construction	
(50) 40.46.210-Seismic Retrofit, Auditorium— Construction	
(51) 40.46.211-Seismic Retrofit, Business Building—Construction	
(52) 40.46.212-Seismic Retrofit, Technical Building—Construction	
San Diego Community College District District Office (53) 40.47.001-Seismic Retrofit District Headquar- ters Building—Construction	
Center City College (55) 40.47.501-Seismic Retrofit, Administration Building—Construction	
San Francisco Community College District Mission Center Campus Project (15)(A) 40.48.106-Mission Center Building— Working drawings	
San Joaquin Delta Community College District San Joaquin Delta College (56) 40.49.106-Electrical System Infrastructure— Working drawings	

Item	Amount
6870-491—Reappropriation, Board of Governors of the California Community Colleges. Notwithstanding any other provision of law, funds appropriated in the following citation shall be available for liquidation until June 30, 2003. Item 6870-301-0574, Budget Act of 1999 (Ch. 50, Stats. 1999) Compton Community College District Compton College (12) 40.12.107-Seismic Replacement/Expansion LRC—Working drawings San Francisco Community College District Community College of San Francisco, Mission Center (63.1) 40.48.106-Mission Campus Building— Preliminary plans	
6870-495—Reversion, California Community Colleges (Proposition 98). The balance as of June 30, 2002, specified herein, of the appropriations provided for in the following citations shall revert to the Proposition 98 Reversion Account: (1) \$18,497,000, or whatever lesser or greater amount reflects the surplus in property taxes from the estimate used to calculate apportionments for the Budget Act of 2001, as certified by the Department of Finance, from Schedule (a)10.10.010-Apportionments of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2001 (Ch. 106, Stats. 2001).	
6870-497—Reversion, Board of Governors of the California Community Colleges. As of June 30, 2002, the unencumbered balance of the appropriation provided in the following citation shall revert to the fund from which the appropriation was made: 0574—Higher Education Capital Outlay Bond Fund of 1998 (1) Item 6870-301-0574, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 6870-490, Budget Act of 2001 (Ch. 106, Stats. 2001) Coast Community College District Orange Coast College (9) 40.11.311-Seismic Retrofit Library— Construction Gavilan Community College District Gavilan College (18) 40.17.104-Adaptive Physical Education— Construction	

Item	Amount
San Mateo Community College District Districtwide (64) 40.52.004-Seismic Upgrade Phase I—Construction (2) Item 6870-301-0574, Budget Act of 2001 (Ch. 106, Stats. 2001) Cerritos Community College District Cerritos College (6) 40.07.113-Seismic Retrofit Administration— Construction	
7980-001-0001—For support of Student Aid Commis- sion.....	10,631,000
Schedule:	
(1) 15-Financial Aid Grants Program... 12,342,000	
(2) 50-California Loan Program ..... 1,484,000	
(3) 80.01-Administration and Support Services .....	3,302,000
(4) 80.02-Distributed Administration and Support Services.....	-3,302,000
(5) Reimbursements.....	-3,195,000
Provisions:	
1. The reimbursement authority provided in Sched- ule (5) shall be available only to the extent that funded activities are consistent with federal law pertaining to the Student Loan Operating Fund.	
7980-101-0001—For local assistance, Student Aid Com- mission.....	650,921,000
Schedule:	
(1) 15-Financial Aid Grants Program...674,640,000	
(2) Reimbursements.....-14,238,000	
(3) Amount payable from the Federal Trust Fund (Item 7980-101-0890)..	-9,481,000
Provisions:	
1. Funds appropriated in Schedule (1) are for the purposes of all of the following:	
(a) Awards in the Cal Grant Program under Chapter 1.7 and Article 3 (commencing with Section 69530) of Chapter 2 of Part 42 of the Education Code.	
(b) Graduate fellowship renewal awards under former Article 9 (commencing with Section 69670) of Chapter 2 of Part 42 of the Educa- tion Code.	
(c) Grants under Section 4709 of the Labor Code.	
(d) California Student Opportunity and Access Program contract agreements under Article 4	

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	(commencing with Section 69560) of Chapter 2 of Part 42 of the Education Code.
(e)	The purchase of loan assumptions under Article 5 (commencing with Section 69612) of Chapter 2 of Part 42 of the Education Code. 7,500 warrants shall be issued to California students pursuant to the purchase of loan assumptions.
(f)	Grants under the California State Work-Study Program, Article 18 (commencing with Section 69950) of Chapter 2 of Part 42 of the Education Code.
(g)	The purchase of loan assumptions under Article 5.5 (commencing with Section 69618) of Chapter 2 of Part 42 of the Education Code.
(h)	New and renewal Cal Grant awards in amounts not to exceed award levels comparable to those in effect for the 2000–01 award year except as otherwise provided by law.
(i)	Of the amount appropriated in Schedule (1), \$6,000,000 is for the Cal Grant T Program. The commission shall issue as many awards as appropriate, given the designated funding level.
2.	If federal trust funds for the 2002–03 fiscal year exceed budgeted levels, the funds appropriated shall, to the extent allowable by federal law, be reduced on a dollar-for-dollar basis.
3.	Eligibility for money appropriated by this item is limited to students who demonstrate financial need according to the nationally accepted needs analysis methodology, who meet other Student Aid Commission eligibility criteria, and whose income or family's gross income does not exceed \$76,500 for the purposes of determining recipients for the 2002–03 award year.
5.	Notwithstanding any other provision of law, the maximum award for new recipients attending private and independent institutions shall be \$9,708; the Cal Grant B subsistence award for all recipients shall be \$1,551; the maximum Cal Grant C award for all recipients shall be \$2,592; and the Cal Grant C book and supply award for all recipients shall be \$576.
6.	Of the funds appropriated in Schedule (1), at least \$8,567,000 in reimbursements from the Federal Family Education Loan Program, administered by



Item	Amount
the Student Aid Commission as the State Student Loan Guarantee Agency, is for the purposes of the California Student Opportunity and Access Program to provide financial aid awareness and related outreach, consistent with Article 4 (commencing with Section 69560) of Chapter 2 of Part 342 of the Education Code and Section 1072b of Title 20 of the United States Code.	
7980-101-0890—For local assistance, Student Aid Commission, for payment to Item 7980-101-0001, payable from the Federal Trust Fund .....	9,481,000
7980-495—Reversion, Student Aid Commission. The unencumbered balance as of June 30, 2002, of the appropriation provided in the following citation shall revert to the fund balance of the fund from which the appropriation was made.	
0001—General Fund	
(1) Item 7980-101-0001, Budget Act of 2001 (Ch. 106, Stats. 2001)	

GENERAL GOVERNMENT

8100-001-0001—For support of Office of Criminal Justice Planning .....	10,331,000
Schedule:	
(1) 20.01-Administration .....	3,173,000
(2) 20.02-Distributed Administration ...	-3,173,000
(3) 50-Criminal Justice Projects .....	15,064,000
(3.5) 51-California Antiterrorism Information Center .....	6,700,000
(4) Reimbursements .....	-310,000
(5) Amount payable from the Local Public Prosecutors and Public Defenders Training Fund (Item 8100-001-0241) .....	-67,000
(6) Amount payable from the Victim Witness Assistance Fund (Item 8100-001-0425) .....	-1,487,000
(7) Amount payable from the High Technology Theft Apprehension and Prosecution Program Trust Fund (Item 8100-001-0597).....	-913,000
(8) Amount payable from the Federal Trust Fund (Item 8100-001-0890).	-8,656,000
Provisions:	
1. The funds appropriated in Schedule (3.5) shall be used to continue and expand funding for the Cali-	

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<p>fornia Antiterrorism Information Center Program, 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 OCJP shall allocate funds to the Department of Justice for these purposes upon the request of the Department of Justice.</p> <p>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.</p>	
<p>8100-001-0241—For support of Office of Criminal Justice Planning, for payment to Item 8100-001-0001, payable from the Local Public Prosecutors and Public Defenders Training Fund.....</p>	67,000
<p>Provisions:</p> <p>1. Notwithstanding any other provision of law restricting the costs of administering individual programs, the full amount of this appropriation may be used by the Office of Criminal Justice Planning for administrative costs.</p>	
<p>8100-001-0425—For support of Office of Criminal Justice Planning, for payment to Item 8100-001-0001, payable from the Victim Witness Assistance Fund..</p>	1,487,000
<p>8100-001-0597—For support of Office of Criminal Justice Planning, for payment to Item 8100-001-0001, payable from the High Technology Theft Apprehension and Prosecution Program Trust Fund .....</p>	913,000
<p>Provisions:</p> <p>1. Funds appropriated in this item are for the High Technology Theft Apprehension and Prosecution Program, as established by Chapter 5.7 (commencing with Section 13848) of Title 6 of Part 4 of the Penal Code, as amended by Chapter 555, Statutes of 1998, and shall be deposited in the High Technology Theft Apprehension and Prosecution Program Trust Fund, established pursuant to Section 13848.4 of the Penal Code.</p>	
<p>8100-001-0890—For support of Office of Criminal Justice Planning, for payment to Item 8100-001-0001, payable from the Federal Trust Fund.....</p>	8,656,000
<p>8100-012-0001—For transfer by the Controller to the High Technology Theft Apprehension and Prosecution Program Trust Fund.....</p>	877,000

Item	Amount
Provisions:	
1. Funds appropriated in this item are for the High Technology Theft Apprehension and Prosecution Program, as established by Chapter 5.7 (commencing with Section 13848) of Title 6 of Part 4 of the Penal Code, as amended by Chapter 555, Statutes of 1998, and shall be deposited in the High Technology Theft Apprehension and Prosecution Program Trust Fund, established pursuant to Section 13848.4 of the Penal Code.	
8100-012-0890—For transfer by the Controller from the Federal Trust Fund to the High Technology Theft Apprehension and Prosecution Program Trust Fund.	36,000
Provisions:	
1. Funds appropriated in this item are for the High Technology Theft Apprehension and Prosecution Program established by Chapter 5.7 (commencing with Section 13848) of Title 6 of Part 4 of the Penal Code, and shall be deposited in the High Technology Theft Apprehension and Prosecution Program Trust Fund, established pursuant to Section 13848.4 of the Penal Code.	
8100-101-0001—For local assistance, Office of Criminal Justice Planning.....	45,856,000
Schedule:	
(1) 50.20.102-Victims Legal Resources Center .....	86,000
(2) 50.20.151-Domestic Violence Program.....	730,000
(3) 50.20.152-Family Violence Prevention.....	97,000
(4) 50.20.301-Rape Crisis Program .....	50,000
(5) 50.20.351-Homeless Youth Project.....	441,000
(6) 50.20.352-Youth Emergency Telephone Referral .....	338,000
(7) 50.20.353-Child Sexual Abuse and Exploitation Program .....	1,000
(8) 50.20.354-Child Sexual Abuse Prevention and Training .....	336,000
(9) 50.30.501-California Community Crime Resistance Program, to be allocated pursuant to Chapter 5 (commencing with Section 13840) of Title 6 of Part 4 of the Penal Code.....	461,000
(10) 50.30.502-War on Methamphetamine .....	15,000,000

Item	Amount
(11) 50.30.511-California Career Criminal Apprehension Program...	1,154,000
(12) 50.30.512-California Career Criminal Prosecution Program, to be allocated pursuant to Chapter 2.2 (commencing with Section 999b) of Title 6 of Part 2 of the Penal Code.....	3,987,000
(13) 50.30.513-Major Narcotic Vendors Prosecution Program.....	2,641,000
(14) 50.30.514-Serious Habitual Offender.....	273,000
(15) 50.30.515-Vertical Prosecution of Statutory Rape.....	8,361,000
(16) 50.30.516-Elder Abuse Vertical Prosecution.....	2,000,000
(17) 50.30.521-Child Sexual Assault Prosecution Program.....	1,304,000
(18) 50.30.522-Evidentiary Medical Training.....	682,000
(19) 50.30.525-Child Justice Act.....	75,000
(20) 50.30.531-Vertical Defense.....	346,000
(20.5) 50.30.533-California Innocence Protection Program.....	800,000
(21) 50.30.541-Public Prosecutors and Public Defenders.....	14,000
(22) 50.30.651-Suppression of Drug Abuse in Schools Program.....	2,494,000
(23) 50.30.661-California Gang Violence Suppression Program.....	3,294,000
(24) 50.30.672-Multi-Agency Gang Enforcement Consortium.....	124,000
(25) 50.30.815-Rural Crime Prevention Program.....	3,541,000
(27) Reimbursements.....	-2,774,000
Provisions:	
1. Notwithstanding any other provision of law, the Office of Criminal Justice Planning 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 Criminal Justice Planning.	
2. To maximize the use of program funds and demonstrate the commitment of the grantees to pro-	

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gram objectives, the Office of Criminal Justice Planning shall require all grantees for 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 Criminal Justice Planning.

3. Of the amount appropriated in this item, \$800,000 appropriated in Schedule (20.5) shall be available for competitive grants for the California Innocence Protection Program. The OCJP shall make the funds available for the purpose of assisting convicted persons who are attempting to establish their actual innocence through the use of postconviction DNA testing. Grants shall only be used to represent indigent inmates convicted of a crime in a California court. Applications for funding provided pursuant to this item shall only be received from qualified nonprofit organizations meeting guidelines established by the American Bar Association for operating legal clinics using law students. It is the intent of the Legislature that funds provided to qualifying nonprofit organizations shall be made as soon as possible in the interest of justice and shall be disbursed within 60 days of receipt of an application for funding. For qualified nonprofit organizations receiving funding under this program, at least 25 percent of their total budget for these purposes must come from other sources, which may include in-kind contributions.

Funding for this program shall not be expended for the purpose of court-approved DNA forensic testing under Section 1405 of the Penal Code.

Entities receiving funding under this program shall report to the OCJP the number of requests received and the number of cases in which any of the following have occurred: (1) a preliminary investigation was conducted, (2) a full investigation was conducted and DNA testing was sought, (3) the appellant was represented in court proceedings or an attempt was made to vacate a conviction, and (4) an appellant's conviction was vacated or overturned as a direct result of the representation by the entity or attorney. The enti-

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ties shall also provide detailed expenditure reports semiannually and annually on the use of funds provided under this program. These semiannual and annual reports shall also list all staff positions supported by this funding and their compensation. The OCJP shall prepare and submit a report to the Joint Legislative Budget Committee on or before February 1, 2003, on the foregoing information for each entity receiving funding under this program.

8100-101-0241—For local assistance, Office of Criminal Justice Planning payable from the Local Public Prosecutors and Public Defenders Training Fund..... 792,000

Schedule:

(1) 50.30.541-Public Prosecutors and Public Defenders..... 792,000

Provisions:

1. Notwithstanding any other provision of law, the Office of Criminal Justice Planning 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 Criminal Justice Planning.

8100-101-0425—For local assistance, Office of Criminal Justice Planning payable from the Victim Witness Assistance Fund ..... 15,519,000

Schedule:

- (1) 50.20.101-Victim-Witness Assistance Program..... 10,871,000
- (2) 50.20.301-Rape Crisis Program ..... 3,670,000
- (3) 50.20.353-Child Sexual Abuse and Exploitation Program ..... 978,000

Provisions:

1. Notwithstanding any other provision of law, the Office of Criminal Justice Planning 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 Criminal Justice Planning.

Item	Amount
8100-101-0597—For local assistance, Office of Criminal Justice Planning payable from the High Technology Theft Apprehension and Prosecution Program Trust Fund .....	13,518,000
Schedule:	
(1) 50.30.562-High Technology Theft Apprehension and Prosecution Program.....	13,518,000
Provisions:	
1. Funds appropriated in this item are for the High Technology Theft Apprehension and Prosecution Program, as established by Chapter 5.7 (commencing with Section 13848) of Title 6 of Part 4 of the Penal Code, as amended by Chapter 555, Statutes of 1998, and shall be deposited in the High Technology Theft Apprehension and Prosecution Program Trust Fund, established pursuant to Section 13848.4 of the Penal Code.	
2. All grantees receiving funds appropriated in this item shall be required to provide matching funds equal to 25 percent of the amount of grant funding received by them from the High Technology Theft Apprehension and Prosecution Program Trust Fund.	
8100-101-0890—For local assistance, Office of Criminal Justice Planning payable from the Federal Trust Fund .....	166,126,000
Schedule:	
(1) 50.20.151-Domestic Violence Program.....	8,751,000
(2) 50.20.161-Violence Against Women Act .....	12,990,000
(2.5) 50.20.171-Rural Domestic Violence/Child Victimization .....	571,000
(3) 50.20.302-Rape Prevention .....	5,571,000
(4) 50.20.451-Victims of Crime Act (VOCA) .....	40,698,000
(5) 50.30.525-Child Justice Act .....	1,775,000
(6) 50.30.550-Byrne State/Local Law Enforcement Assistance.....	52,118,000
(7) 50.30.555-Residential Substance Abuse Treatment.....	6,545,000
(8) 50.30.556-Local Law Enforcement Block Grants .....	882,000
(9) 50.30.559-Peace Officer Protective Equipment .....	1,275,000

Item	Amount
(10) 50.30.661-Gang Violence Sup- pression Program .....	1,005,000
(11) 50.30.701-Juvenile Justice and Delinquency Prevention .....	6,060,000
(12) 50.30.703-Community Delin- quency Prevention Program.....	5,002,000
(13) 50.30.705-Juvenile Accountability Incentive.....	21,769,000
(14) 50.30.706-Juvenile Justice— Project Challenge.....	1,114,000
Provisions:	
1. Notwithstanding any other provision of law, the Office of Criminal Justice Planning 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 Criminal Justice Planning.	
2. Of the funds appropriated in this item, \$224,000 of the amount allocated for the Victims of Crime Act program (50.20.451) shall be provided for support of the Office of Victims Services within the Department of Justice.	
8100-112-0001—For transfer by the Controller to the High Technology Theft Apprehension and Prosecution Program Trust Fund .....	13,518,000
Provisions:	
1. Funds appropriated in this item are for the High Technology Theft Apprehension and Prosecution Program, as established by Chapter 5.7 (commencing with Section 13848) of Title 6 of Part 4 of the Penal Code, as amended by Chapter 555 of the Statutes of 1998, and shall be deposited in the High Technology Theft Apprehension and Prosecution Program Trust Fund, established pursuant to Section 13848.4 of the Penal Code.	
8100-112-0890—For transfer by the Controller from the Federal Trust Fund to the High Technology Theft Apprehension and Prosecution Program Trust Fund.	218,000
Provisions:	
1. Funds appropriated in this item are for the High Technology Theft Apprehension and Prosecution Program established by Chapter 5.7 (commencing with Section 13848) of Title 6 of Part 4 of the Penal Code, and shall be deposited in the High Tech-	



Item	Amount
nology Theft Apprehension and Prosecution Program Trust Fund, established pursuant to Section 13848.4 of the Penal Code.	
8100-295-0001—For local assistance, Office of Criminal Justice Planning, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller .....	2,000
Schedule:	
(1) 98.01.124.992-Threats Against Peace Officers (Ch. 1249, Stats. 1992, and Ch. 666, Stats. 1995) ...	1,000
(2) 98.01.041.195-Crime Victims’ Rights (Ch. 411, Stats. 1995) .....	1,000
Provisions:	
1. Except as provided in Provision 2 of this item, allocations of funds provided in this item to the appropriate local entities shall be made by the State Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated in this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.	
2. If any of the scheduled amounts are insufficient to provide full reimbursement of costs, the State Controller may, upon notifying the Director of Finance in writing, augment those deficient amounts from the unencumbered balance of any other scheduled amounts therein. No order may be issued pursuant to this provision unless written notification of the necessity therefor is provided to the chairperson of the committee in each house which considers appropriation and the Chairperson of the Joint Legislative Budget Committee or his or her designee.	

Item	Amount
8100-491—Reappropriation, Office of Criminal Justice Planning. Notwithstanding any other provision of law, the following balances are reappropriated from the following citations, for the purposes specified, and shall be available for encumbrance and expenditure until June 30, 2004.	
0001—General Fund	
(1) \$4,000,000 in Item 8100-101-0001, (Budget Act of 2000) Chapter 52 of the Statutes of 2001):	
(22.1) 50.30.700-Special Projects—Public Safety, is transferred to Schedule (2)	
50.20.15-Domestic Violence Program for expenditure.	
8100-495—Reversion, Office of Criminal Justice Planning. As of June 30, 2002, the following amounts from the appropriations provided in the following citation shall revert to the fund from which the appropriation was made:	
0001—General Fund	
(1) \$17,195,000 from Item 8100-101-0001, Budget Act of 2000 (Ch. 52, Stats. 2000) Schedule 22.1, Provision 3 for the DNA Profiling Program	
8120-001-0268—For support of Commission on Peace Officer Standards and Training, payable from the Peace Officers’ Training Fund.....	13,508,000
Schedule:	
(1) 10-Standards .....	6,280,000
(2) 20-Training .....	23,038,000
(3) 30-Peace Officer Training.....	116,000
(4) 40.01-Administration.....	5,143,000
(5) 40.02-Distributed Administration ...	-5,143,000
(6) Reimbursements.....	-1,259,000
(7) Amount payable from the Peace Officers’ Training Fund (Item 8120-011-0268) .....	-13,111,000
(8) Amount payable from the Peace Officers’ Training Fund (Item 8120-012-0268) .....	-1,556,000
8120-011-0268—For support of Commission on Peace Officer Standards and Training, for payment to Item 8120-001-0268, payable from the Peace Officers’ Training Fund.....	13,111,000
Provisions:	
1. Funds appropriated in this item are to be used for contractual services in support of local training programs, pursuant to Section 13503(c) of the Penal Code.	

Item	Amount
2. Funds may be transferred between this item and Item 8120-101-0268 to meet the needs of local training programs.	
8120-012-0268—For support of Commission on Peace Officer Standards and Training, for payment to Item 8120-001-0268, payable from the Peace Officers’ Training Fund.....	1,556,000
Provisions:	
1. The funds appropriated in this item are to be used for implementation of the “Tools for Tolerance” training program for law enforcement personnel operated by the Simon Wiesenthal Center-Museum of Tolerance. Eligibility to receive funds appropriated by this item as reimbursements is limited to law enforcement agencies authorized by law to receive training reimbursements from the Peace Officers’ Training Fund. Both sworn officers and nonsworn personnel who have contact with the public shall, at the discretion of the head of the law enforcement agency seeking reimbursement under this provision, be eligible for reimbursement, provided that the Museum of Tolerance gives priority to training sworn officers.	
8120-101-0268—For local assistance, Commission on Peace Officer Standards and Training, Program 30, for allocation to cities, counties, and cities and counties pursuant to Section 13523 of the Penal Code, payable from the Peace Officers’ Training Fund .....	28,274,000
Provisions:	
1. Funds may be transferred between this item and Item 8120-011-0268 to meet the needs of local training programs.	
2. The Director of Finance may authorize the augmentation of the total amount available for expenditure under this item in the amount of revenue received by the Peace Officers’ Training Fund that is in addition to the revenue appropriated by this item, not sooner than 30 days after notification in writing to the chairpersons of the respective fiscal committees and the Chairperson of the Joint Legislative Budget Committee or his or her designee.	
8120-102-0268—For local assistance, Commission on Peace Officer Standards and Training, Program 30, payable from the Peace Officers’ Training Fund .....	444,000
Provisions:	
1. Funds appropriated in this item are to be used for implementation of the “Tools for Tolerance”	

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training program for law enforcement personnel operated by the Simon Wiesenthal Center-Museum of Tolerance. Eligibility to receive funds appropriated by this item as reimbursements is limited to law enforcement agencies authorized by law to receive training reimbursements from the Peace Officers' Training Fund. Both sworn officers and nonsworn personnel who have contact with the public shall, at the discretion of the head of the law enforcement agency seeking reimbursement under this provision, be eligible for reimbursement, provided that the Museum of Tolerance gives priority to training sworn officers.

8120-295-0001—For local assistance, the Commission on Peace Officer Standards and Training, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or Executive order, for disbursement by the State Controller .....

1,000

Schedule:

- (1) 98.01.024.695—Domestic Violence Arrest Policies and Standards (Ch. 246, Stats. 1995) ..... 1,000

Provisions:

1. Except as provided in Provision 2, allocations of funds provided in this item to the appropriate local entities shall be made by the State Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandate costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated in this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.
2. If any of the scheduled amounts are insufficient to provide full reimbursement of costs, the Controller may, upon notifying the Director of Finance in writing, augment those deficient amounts from the unencumbered balance of any other scheduled amounts therein. No order may be issued pursuant

Item	Amount
to this provision unless written notification of the necessity therefor is provided to the chairperson of the committee in each house which considers appropriation and the Chairperson of the Joint Legislative Budget Committee or his or her designee.	
8140-001-0001—For support of State Public Defender..	10,791,000
Schedule:	
(1) 10-State Public Defender.....	10,791,000
Provisions:	
1. Any federal funds received by the Office of the State Public Defender as reimbursements for legal services provided for capital cases shall revert to the unappropriated surplus of the General Fund.	
8180-101-0001—For local assistance, Payment to Counties for Costs of Homicide Trials, for payment by the State Controller .....	7,500,000
Provisions:	
1. This item is for payment to counties for costs of homicide trials pursuant to Sections 15201 to 15203, inclusive, of the Government Code, provided that expenditures made under this item shall be charged to the fiscal year in which the warrant is issued by the Controller.	
2. The Controller shall reimburse counties for reasonable and necessary expenses incurred pursuant to Section 15202 of the Government Code except that reimbursements to a county shall not exceed: (a) for attorney services, an hourly rate equal to that county’s average hourly cost for public defenders, the hourly rate paid to appointed counsel, or the hourly rate charged state agencies by the Attorney General for attorney services, whichever rate is less; (b) for investigators, an hourly rate equal to that county’s average hourly cost for county-employed investigators or the hourly rate charged state agencies by the Attorney General for investigators, whichever rate is less; and (c) for expert witnesses, the hourly rate that the county generally pays for these services.	
8260-001-0001—For support of California Arts Council .....	2,061,000
Schedule:	
(1) 05-Arts in Education .....	136,000
(2) 10-Artists in Residence .....	0
(3) 20-Organizational Support Grants..	680,000

Item	Amount
(4) 25-Performing Arts Touring/ Presenting Program.....	0
(5) 30-Special Initiatives Program .....	0
(6) 40-Statewide Projects .....	0
(7) 45-California Challenge Program...	0
(8) 50.01-Administration.....	1,245,000
(9) 50.02-Distributed Administration ...	0
(11) Reimbursements .....	-197,000
(11.5) 97.20.003-Unallocated .....	1,129,000
(12) Amount payable from the Graphic Design License Plate Account (Item 8260-001-0078) .....	-315,000
(13) Amount payable from the Federal Trust Fund (Item 8260-001-0890).	-617,000
Provisions:	
1. The funds appropriated in Schedule (11.5) of this item shall consist of federal funds, reimbursements, and special funds received by the Arts Council in the 2002-03 fiscal year and shall be available for expenditure for support or local assistance upon notice by the Council to the Legislature and the Department of Finance regarding the reallocation of these funds.	
8260-001-0078—For support of California Arts Council, for payment to Item 8260-001-0001, payable from the Graphic Design License Plate Account .....	315,000
8260-001-0890—For support of California Arts Council, for payment to Item 8260-001-0001, payable from the Federal Trust Fund.....	617,000
8260-101-0001—For local assistance, California Arts Council, for grants and subventions .....	16,387,000
Schedule:	
(1) 05-Arts in Education .....	6,000,000
(2) 10-Artists in Residence .....	0
(3) 20-Organizational Support Grants..	3,000,000
(4) 25-Performing Arts Touring/ Presenting Program.....	0
(5) 30-Special Initiatives Program .....	0
(6) 40-Statewide Projects .....	0
(8) Reimbursements.....	-50,000
(8.5) Unallocated .....	8,012,000
(9) Amount payable from the Graphic Design License Plate Account (Item 8260-101-0078) .....	-575,000
Provisions:	
1. Funds appropriated for the Small- and Mid-size Organizations element and the Large Budget Or-	

Item	Amount
<p>ganizations element of the Organizational Grants program shall not be expended unless the grant recipient provides at least a dollar-for-dollar cash match. No matching funds shall be required for grants to individual artists or for technical assistance.</p> <ol style="list-style-type: none"> <li>2. Of the funds appropriated in Schedule (3), \$1,900,000 is for the Multicultural Arts Development program. These funds shall be for culturally specific organizations or artists who have a demonstrated commitment to cultural art. This funding shall be limited to organizations that have traditionally not received significant grants from the California Arts Council.</li> <li>3. Grant funds may be provided to arts organizations through a fiscal intermediary as approved by the California Arts Council.</li> <li>4. The funds appropriated in Schedule (8.5) of this item shall consist of federal funds, reimbursements, and special funds received by the Arts Council in the 2002–03 fiscal year and shall be available for expenditure for support or local assistance upon notice by the Council to the Legislature and the Department of Finance regarding the reallocation of these funds.</li> <li>5. Of funds appropriated in Schedule (8.5) of this item, \$7,000,000 shall be used to support grants for programs assisting to economically disadvantaged children in urban regions and to support grants for rural regions of California.</li> </ol>	
8260-101-0078—For local assistance, California Arts Council, for payment to Item 8260-101-0001, payable from the Graphic Design License Plate Account	575,000
8260-101-0890—For local assistance, California Arts Council, payable from the Federal Trust Fund .....	170,000
Provisions:	
<ol style="list-style-type: none"> <li>1. Any organization applying for a grant under the Large Budget Organizations element of the Organizational Grants program may not receive a grant under the Small- and Mid-size Organizations element of the Organizational Grants program.</li> <li>2. Any organization applying for a grant under the Small- and Mid-size Organizations element of the Organizational Grants program may not receive a grant under the Large Budget Organizations element of the Organizational Grants program.</li> </ol>	

Item	Amount
3. Funds appropriated for the Small- and Mid-size Organizations element and the Large Budget Organizations element of the Organizational Grants program shall not be expended unless the grant recipient provides at least a dollar-for-dollar cash match. No matching funds shall be required for grants to individual artists or for technical assistance.	
4. Grant funds may be provided to arts organizations through a fiscal intermediary as approved by the California Arts Council.	
8260-102-0001—For local assistance, California Arts Council .....	2,000,000
Schedule:	
(1) 70-Cultural Institutions Program ....	0
Provisions:	
1. The amount appropriated in Schedule (1) is for allocation to the Simon Wiesenthal Center, Museum of Tolerance to provide teacher training on tolerance and diversity to California educators in K–12 public schools. In making this appropriation, it is the intent of the Legislature to establish an ongoing system of local assistance for the Simon Wiesenthal Center, Museum of Tolerance.	
2. For purposes of this item, teacher training on tolerance and diversity may include programs designed to: a) build greater awareness among educators about issues of tolerance and diversity; b) expose working professionals to the dynamics of prejudice and discrimination that impede effective learning and threaten school safety; c) provide a broad range of multicultural viewpoints which may influence their relationship with co-workers, parents and pupils; d) explore ways of integrating the teaching of tolerance into the curriculum and infusing it into the ethos of the school community; and e) acquaint educators with the facilities and resources available at the Museum of Tolerance and the Simon Wiesenthal Center which can serve their needs.	
8260-490—Reappropriation, California Arts Council. Notwithstanding any other provision of law, the balances of the appropriations in the following citations are hereby reappropriated to the California Arts Council for the purposes and subject to the limita-	



Item	Amount
<p>tions, unless otherwise specified, provided for in those appropriations, and shall be available for expenditure until June 30, 2003:</p> <p>0001—General Fund</p> <p>(a) Item 8260-001-0001, Budget Act of 1998 (Ch. 324, Stats. 1998), as reappropriated by Item 0820-490, Budget Acts of 1999, 2000 and 2001; the balance of the \$300,000 in the Cultural Institutions Program. This \$300,000 was transferred from Item 8260-102-0001 Budget Act of 1998, Provision 6, and is reappropriated for the support and related expenses of administering and reporting on the expenditures made by specified museums.</p> <p>(b) Item 8260-001-0001, Budget Act of 1999 (Ch. 50, Stats. 1999), as reappropriated by Item 0820-490, Budget Acts of 2000 and 2001; the balance of the \$200,000 in the Cultural Institutions Program. This \$200,000 was transferred from Item 8260-103-0001, Budget Act of 1999, Provision 5, and is reappropriated for the support and related expenses of administering and reporting on the expenditures made by specified museums.</p> <p>(c) Item 8260-001-0001, Budget Act of 2000, (Ch. 52, Stats. 2000), as reappropriated by Item 0820-490, Budget Act of 2001; the balance of the \$250,000 in the Cultural Institutions Program. This \$250,000 is reappropriated for the support and related expenses of administering and reporting on the expenditures made by specific museums.</p>	
8300-001-0001—For support of Agricultural Labor Relations Board.....	4,677,000
Schedule:	
(1) 10-Board Administration .....	2,008,000
(2) 20-General Counsel Administration.....	2,669,000
(3) 30.01-Administrative Services .....	293,000
(4) 30.02-Distributed Administrative Services.....	-293,000
8320-001-0001—For support of Public Employment Relations Board.....	4,805,000
Schedule:	
(1) 11-Public Employment Relations ...	4,817,000
(2) Reimbursements.....	-12,000

Item	Amount
8350-001-0001—For support of Department of Industrial Relations .....	141,031,000
Schedule:	
(1) 10-Regulation of Workers' Compensation Self-Insurance Plans .....	2,788,000
(2) 20-Conciliation of Employer-Employee Disputes .....	2,079,000
(3) 30-Workers' Compensation Administration .....	99,405,000
(4) 35-Industrial Medical Council .....	3,879,000
(5) 36-Commission on Health and Safety and Workers' Compensation .....	2,666,000
(6) 40-Prevention of Industrial Injuries and Deaths of California Workers. ....	73,125,000
(7) 50-Enforcement and Promulgation of Laws Relating to Wages, Hours, and Conditions of Employment, and Licensing and Adjudication....	41,406,000
(8) 60-Promotion, Development, and Administration of Apprenticeship and other On-the-Job Training.....	6,964,000
(9) 70-Labor Force Research and Data Dissemination .....	3,706,000
(10) 80-Payment of Claims, Wages, and Contingencies.....	22,916,000
(11) 94.01-Administration .....	23,541,000
(12) 94.02-Distributed Administration .....	-23,532,000
(13) Reimbursements .....	-3,406,000
(14) Amount payable from the Farmworkers Remedial Account (Item 8350-001-0023) .....	-127,000
(15) Amount payable from the Industrial Medicine Fund (Item 8350-001-0079).....	-1,803,000
(16) Amount payable from the Cal-OSHA Targeted Inspection and Consultation Fund (Item 8350-001-0096).....	-12,399,000
(17) Amount payable from the Workers' Compensation Managed Care Fund (Item 8350-001-0132).....	-228,000
(18) Amount payable from the Industrial Relations Construction Industry Enforcement Fund (Item 8350-001-0216).....	-53,000

Item	Amount
(19) Amount payable from the Work- place Health and Safety Revolving Fund (Item 8350-001-0222).....	-704,000
(20) Amount payable from the Work- ers' Compensation Administration Revolving Fund (Item 8350-001- 0223).....	-20,992,000
(21) Amount payable from the Loss Control Certification Fund (Item 8350-001-0284) .....	-404,000
(22) Amount payable from the Asbes- tos Consultant Certification Ac- count (Item 8350-001-0368).....	-338,000
(23) Amount payable from the Asbes- tos Training Approval Account (Item 8350-001-0369) .....	-242,000
(24) Amount payable from the Self- Insurance Plans Fund (Item 8350- 001-0396) .....	-2,741,000
(25) Amount payable from the Elevator Safety Inspection Account (Item 8350-001-0452) .....	-8,459,000
(26) Amount payable from the Pressure Vessel Inspection Account (Item 8350-001-0453) .....	-3,625,000
(27) Amount payable from the Garment Manufacturers Special Account (Item 8350-001-0481) .....	-50,000
(28) Amount payable from the Employ- ment Training Fund (Item 8350- 001-0514) .....	-3,137,000
(29) Amount payable from the Unin- sured Employers' Account, Unin- sured Employers' Fund (Item 8350-001-0571) .....	-22,749,000
(30) Amount payable from the Federal Trust Fund (Item 8350-001-0890).	-27,795,000
(31) Amount payable from the Indus- trial Relations Unpaid Wage Fund (Item 8350-001-0913) .....	-977,000
(32) Amount payable from the Work- ers' Compensation Administration Revolving Fund (Item 8350-015- 0223).....	-506,000
(33) Amount payable from the Indus- trial Relations Unpaid Wage Fund (Sec. 96.6, Labor Code).....	-500,000

Item	Amount
(34) Amount payable from the Electrician Certification Fund (Item 8350-001-3002) .....	-1,808,000
(35) Amount payable from the Permanent Amusement Ride Safety Inspection Fund (Item 8350-001-3003).....	-1,800,000
(36) Amount payable from the Garment Industry Regulations Fund (Item 8350-001-3004) .....	-2,376,000
(37) Amount payable from the Apprenticeship Training Contribution Fund (Item 8350-001-3022).....	-105,000
(38) Amount payable from the Workers' Occupational Safety and Health Education Fund (Item 8350-001-3030) .....	-588,000
8350-001-0023—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Farmworkers Remedial Account .....	127,000
8350-001-0079—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Industrial Medicine Fund.....	1,803,000
8350-001-0096—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Cal-OSHA Targeted Inspection and Consultation Fund .....	12,399,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
8350-001-0132—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Workers' Compensation Managed Care Fund .....	228,000
8350-001-0216—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Industrial Relations Construction Industry Enforcement Fund.....	53,000
8350-001-0222—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Workplace Health and Safety Revolving Fund .....	704,000
Provisions:	
1. Funds appropriated in this item are for the purpose of supporting the activities of the Commis-	

Item	Amount
<p>sion on Health and Safety and Workers' Compensation within the Department of Industrial Relations, as established by Chapter 227 of the Statutes of 1993.</p>	
<p>8350-001-0223—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Workers' Compensation Administration Revolving Fund.....</p>	20,992,000
<p>8350-001-0284—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Loss Control Certification Fund.....</p>	404,000
<p>8350-001-0368—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Asbestos Consultant Certification Account.....</p>	338,000
<p>8350-001-0369—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Asbestos Training Approval Account.</p>	242,000
<p>8350-001-0396—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Self-Insurance Plans Fund .....</p>	2,741,000
<p>8350-001-0452—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Elevator Safety Account .....</p>	8,459,000
<p>8350-001-0453—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Pressure Vessel Account .....</p>	3,625,000
<p>Provisions:</p>	
<p>1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Government Code Section 13332.18.</p>	
<p>8350-001-0481—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Garment Manufacturers Special Account.....</p>	50,000
<p>8350-001-0514—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Employment Training Fund .....</p>	3,137,000
<p>Provisions:</p>	
<p>1. Notwithstanding Section 1611 of, and Chapter 3.5 (commencing with Section 10200) of Part 1 of Division 3 of the Unemployment Insurance Code, \$3,137,000 from the interest earned from money in the Employment Training Fund shall be trans-</p>	

Item	Amount
ferred by the State Controller to the Department of Industrial Relations for the support of the Division of Apprenticeship Standards.	
8350-001-0571—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Uninsured Employers' Account, Uninsured Employers' Fund .....	22,749,000
8350-001-0890—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Federal Trust Fund .....	27,795,000
8350-001-0913—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Industrial Relations Unpaid Wage Fund .....	977,000
Provisions:	
1. Notwithstanding any other provision of law, funds appropriated by this item shall be expended by the Department of Industrial Relations Division of Labor Standards Enforcement to administer the Targeted Industries Partnership Program to increase enforcement and compliance in the agricultural, garment, and restaurant industries.	
2. It is the intent of the Legislature that the Targeted Industries Partnership Program result in increased enforcement of, and compliance by, the agricultural, garment, and restaurant industries regarding wages, hours, conditions of employment, licensing, registration, child labor laws and regulations.	
8350-001-3002—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Electrician Certification Fund .....	1,808,000
8350-001-3003—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Permanent Amusement Ride Safety Inspection Fund .....	1,800,000
Provisions:	
1. Notwithstanding Provision 1 of Item 8350-014-0001 of the Budget Act of 2000 (Ch. 52, Stats. 2000), the General Fund loan in the amount of \$875,000 provided to the Division of Occupational Safety and Health for initial startup of the Permanent Amusement Ride Safety Inspection Program shall be repaid to the General Fund no later than June 30, 2003. This loan shall be repaid	

Item	Amount
with interest calculated at the rate earned by the Pooled Money Investment Account at the time of transfer.	
8350-001-3004—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Garment Industry Regulations Fund..	2,376,000
Provisions:	
1. Notwithstanding Provision 1 of Item 8350-012-0001 of the Budget Act of 2000 (Ch. 52, Stats. 2000), \$1,097,000 of the General Fund loan provided to the Division of Labor Standards Enforcement for initial startup of the Garment Manufacturers Inspection Program shall be repaid to the General Fund no later than June 30, 2003. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of transfer.	
8350-001-3022—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Apprenticeship Training Contribution Fund .....	105,000
8350-001-3030—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Worker’s Occupational Safety and Health Education Fund .....	588,000
8350-011-0001—For transfer by the Controller to the Uninsured Employers’ Account, Uninsured Employers’ Fund.....	15,503,000
8350-011-0222—For transfer by the Controller, upon order of the Director of Finance, from the Workplace Health and Safety Revolving Fund, to the General Fund .....	(4,005,000)
8350-011-0223—For transfer by the Controller, upon order of the Director of Finance, from the Workers’ Compensation Administration Revolving Fund, to the General Fund.....	(2,805,000)
8350-011-0284—For transfer by the Controller, upon order of the Director of Finance, from the Loss Control Certification Fund, to the General Fund .....	(1,903,000)
8350-011-3022—For transfer by the Controller, upon order of the Director of Finance, from the Apprenticeship Training Contribution Fund to the General Fund .....	(1,400,000)
8350-015-0223—For support of Department of Industrial Relations, for payment to Item 8350-001-0001, payable from the Workers’ Compensation Administration Revolving Fund.....	506,000

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8350-295-0001—For local assistance, Department of Industrial Relations, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller .....	2,000

Schedule:

- (1) 98.01.117.189-Peace Officer’s Cancer Presumption (Ch. 1171, Stats. 1989)..... 1,000
- (2) 98.01.156.882-Firefighter’s Cancer Presumption (Ch. 1568, Stats. 1982)..... 1,000
- (3) 98.01.999.001-Personal alarm devices (8 Cal. Code Regs. Sec. 3401(c))..... 0
- (4) 98.01.999.002-Structural and wildland firefighter safety clothing and equipment (8 Cal. Code Regs. Secs. 3401 to 3410, incl.)..... 0

Provisions:

1. Except as provided in Provision 2 of this item, allocations of funds appropriated in this item to the appropriate local entities shall be made by the State Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated in this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.
2. If any of the scheduled amounts are insufficient to provide full reimbursement of costs, the State Controller may, upon notification of the Director of Finance in writing, augment those deficient amounts from the unencumbered balance of any other scheduled amounts therein. No order may be issued pursuant to this provision unless written notification of the necessity therefor is provided to the chairperson of the committee in each house



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that considers appropriations and the Chairperson of the Joint Legislative Budget Committee or his or her designee.	
3. Pursuant to Section 17581 of the Government Code, mandates identified in the appropriation schedule of this item with an appropriation of \$0 and included in the language of this provision are specifically identified by the Legislature for suspension during the 2002–03 fiscal year:	
(3) Personal alarm devices (8 Cal. Code Regs. Sec. 3401(c)).	
(4) Structural and wildland firefighter safety clothing and equipment (8 Cal. Code Regs. Secs. 3401 to 3410, incl.).	
8380-001-0001—For support of Department of Personnel Administration .....	8,129,000
Schedule:	
(1) 10-Policy Operations .....	4,661,000
(2) 20-Labor Relations .....	2,263,000
(3) 25-Legal .....	5,051,000
(4) 40.01-Administration .....	3,941,000
(5) 40.02-Distributed Administration ...	–3,941,000
(6) 54-Benefits Administration .....	17,623,000
(7) 56-Training and Development .....	4,245,000
(8) Reimbursements .....	–17,682,000
(9) Amount payable from the Flexelect Benefit Fund (Item 8380-001-0821) .....	–907,000
(10) Amount payable from the Deferred Compensation Plan Fund (Item 8380-001-0915) .....	–7,125,000
8380-001-0821—For support of Department of Personnel Administration, for payment to Item 8380-001-0001, payable from the Flexelect Benefit Fund .....	907,000
8380-001-0915—For support of Department of Personnel Administration, for payment to Item 8380-001-0001, payable from the Deferred Compensation Plan Fund .....	7,125,000
8380-004-0001—For support of Department of Personnel Administration .....	32,355,000
Schedule:	
(1) 54-Benefits Administration .....	32,355,000
Provisions:	
1. Notwithstanding subdivision (a) of Section 2.00 of this act, the funds appropriated in this item are available for expenditure until January 1, 2005.	

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8380-490—Reappropriation, Department of Personnel Administration. Notwithstanding any other provisions of law, as of June 30, 2002, the balance of the appropriation provided in the following citation is reappropriated for purposes provided for in that appropriation and shall be available for encumbrance and expenditure until June 30, 2003: 0367—Indian Gaming Special Distribution Fund (1) Item 8380-001-0367, Budget Act of 2000 (Ch. 52, Stats. 2000), as reappropriated by Item 8380-490, Budget Act of 2001 (Ch. 106, Stats. 2001)	
8385-001-0001—For support of California Citizens Compensation Commission, Program 10 .....	20,000
8450-001-0001—For support of Workers’ Compensation Benefit Program, for payment of the additional compensation for subsequent injuries provided for by Article 5 (commencing with Section 4750) of Chapter 2 of Part 2 of Division 4 of the Labor Code..... Schedule: (1) Payment of Claims..... 7,570,000 (2) Support, State Compensation Insurance Fund..... 335,000 (3) Prelitigation Expenses ..... 150,000 (4) Support, Department of Industrial Relations ..... 608,000 (5) Amount payable from Subsequent Injuries Moneys Account (Item 8450-001-0016) ..... -5,300,000	3,363,000
Provisions: 1. This item shall not be construed as a limitation on funds appropriated by Item 8450-001-0016. 2. The funds appropriated in this item shall not be available for expenditure at any time that funds appropriated by Item 8450-001-0016 are available for expenditure. 3. At the end of the 2002–03 fiscal year, any expenditures made from the General Fund against this item shall be reduced by any amounts remaining available from the funds appropriated by Item 8450-001-0016.	
8450-001-0016—For payment of Workers’ Compensation Benefits for Subsequent Injuries, for payment to Item 8450-001-0001, payable from the Subsequent Injuries Moneys Account .....	5,300,000
Provisions: 1. The Director of Finance may authorize the augmentation of the total amount available for expen-	

Item	Amount
<p>diture under this item in the amount of revenue received by the Subsequent Injuries Money's Account that is in addition to the amount appropriated by this item, not sooner than 30 days after notification in writing to the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee or his or her designee. The director may authorize these augmentations only up to the amount required for payment of the additional compensation for subsequent injuries provided by Article 5 (commencing with Section 4750) of Chapter 2 of Part 2 of Division 4 of the Labor Code.</p>	
<p>8460-101-0001—For local assistance, Workers' Compensation Benefits for Disaster Service Workers ..... Provisions:</p>	663,000
<p>1. Funds appropriated by this item are for furnishing workers' compensation to disaster service workers and their dependents, in accordance with Division 4 (commencing with Section 3200) of the Labor Code, including the reimbursement of the State Compensation Insurance Fund for the cost of services as adjusting agent, for the Governor's Office of Emergency Services. The State Compensation Insurance Fund may draw from the State Treasury any funds appropriated by this item, without at the time presenting vouchers and itemized statements, to be used as a cash revolving fund. Expenditures made from the revolving fund in payment of claims for workers' compensation and adjusting services are exempted from Section 925.6 of the Government Code. Reimbursement of the revolving fund for those expenditures shall be made upon presentation to the State Controller of an abstract or statement of the expenditures. The abstract or statement shall be in such form as the State Controller requires.</p>	
<p>8500-001-0152—For support of Board of Chiropractic Examiners, payable from the State Board of Chiropractic Examiners Fund ..... Schedule:</p>	2,260,000
<p>(1) 10-Board of Chiropractic Examiners .....</p>	2,301,000
<p>(2) Reimbursements .....</p>	-41,000

Item	Amount
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Government Code Section 13332.18.	
8530-001-0290—For support of Board of Pilot Commissioners for the Bays of San Francisco, San Pablo and Suisun, payable from the Board of Pilot Commissioners’ Special Fund.....	1,185,000
Schedule:	
(1) 10.01-Support .....	546,000
(2) 10.02-Training.....	639,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Government Code Section 13332.18.	
8550-001-0191—For support of California Horse Racing Board, payable from the Fair and Exposition Fund .....	8,342,000
Schedule:	
(1) 10-California Horse Racing Board.	8,605,000
(2) Amount payable from the Racetrack Security Account, Special Deposit Fund (Item 8550-001-0942).....	-263,000
8550-001-0942—For support of California Horse Racing Board, for payment to Item 8550-001-0191, payable from the Racetrack Security Account, Special Deposit Fund .....	263,000
8550-011-0942—Notwithstanding paragraph (1) of subdivision (b) of Section 19641 of the Business and Professions Code, there is hereby transferred to the General Fund the unencumbered balance of the Racetrack Security Account, Special Deposit Fund, as of June 30, 2003 .....	(2,000,000)
8570-001-0001—For support of Department of Food and Agriculture .....	62,274,000
Schedule:	
(1) 11-Agricultural Plant and Animal, Pest and Disease Prevention .....	70,466,000
(2) 21-Marketing, Commodities, and Agricultural Services.....	52,832,000
(3) 31-Assistance to Fairs and County Agricultural Activities .....	2,570,000
(4) 41.01-Executive, Management, and Administrative Services.....	11,664,000

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(5) 41.02-Distributed Executive, Management, and Administrative Services.....	-10,476,000
(6) Reimbursements.....	-7,186,000
(7) Amount payable from the Department of Agriculture Account, Department of Agriculture Fund (Item 8570-001-0111).....	-12,504,000
(8) Amount payable from the Fair and Exposition Fund (Item 8570-001-0191).....	-3,139,000
(9) Amount payable from the Harbors and Watercraft Revolving Fund (Item 8570-001-0516) .....	-975,000
(10) Amount payable from the Agriculture Building Fund (Item 8570-001-0601).....	-1,366,000
(11) Amount payable from the Federal Trust Fund (Item 8570-001-0890).....	-39,233,000
(12) Amount payable from the Agricultural Pest Control Research Account (Item 8570-011-0112) .....	-5,000
(13) Amount payable from the Satellite Wagering Account (Item 8570-012-0192).....	-374,000

Provisions:

1. Funds appropriated to Schedule (1) from Item 8570-001-0111 are in lieu of the appropriation provided by subdivision (b) of Section 224 of the Food and Agricultural Code for emergency detection, eradication, or research of agricultural plant or animal pests or diseases. Any unencumbered balance of these funds shall be available for transfer to local assistance for payment to counties during the 2002-03 fiscal year, as provided in subdivision (c) of Section 224 of the Food and Agricultural Code. In addition, notwithstanding any other provision of law, up to an additional \$800,000 of the funds appropriated pursuant to subdivision (c) of Section 224 of the Food and Agricultural Code shall be available for use by the Department of Food and Agriculture for emergency projects to augment Schedule (a) of this item. The Secretary of Food and Agriculture may expend the funds identified in this provision with

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Amount

- the approval of the Director of Finance. The funds that are so appropriated are not subject to Section 26.00, 27.00, 28.00, or 28.50 of this act.
2. Funds appropriated from Item 8570-001-0111 are in lieu of the appropriation provided by subdivision (a) of Section 224 of the Food and Agricultural Code. In addition, notwithstanding any other provision of law, of the funds appropriated pursuant to subdivision (c) of Section 224 of the Food and Agricultural Code, \$650,000 shall be available for use by the Department of Food and Agriculture for departmental overhead expenses.
  3. Notwithstanding any other provision of law, of the funds appropriated pursuant to subdivision (c) of Section 224 of the Food and Agricultural Code, \$179,000 shall be available for use by the Department of Food and Agriculture for the County/State Liaison Director. The Secretary of Food and Agriculture may augment Schedule (c) of this item with the approval of the Director of Finance. The funds that are so appropriated are not subject to Section 26.00, 27.00, 28.00, or 28.50 of this act.
  4. New and renewed county work plans for red imported fire ant eradication may include subcontracting relationships with private entities if the county board of supervisors determines by resolution that a subcontracting relationship is both effective and cost-efficient and the secretary finds that approval of the subcontracting relationship will not compromise program goals, such as consistency, authority, accountability, oversight, efficacy, safety, timeliness, and overall program costs.
  5. On or before January 10, 2003, the Department of Food and Agriculture shall submit to the Chair of the Joint Legislative Budget Committee and the chairs of the budget committees of both houses, a report detailing methods whereby the funding source from the Mediterranean Fruit Fly Preventative Release Program is shifted in part, or in whole, from the General Fund to the Agriculture Fund. This report shall include, but not be limited to, various funding options for legislative consideration and recommendations from the department as to the preferred change in funding for this

Item	Amount
<p>program. The Department of Food and Agriculture shall contract with the University of California System to produce the report.</p>	
<p>8570-001-0111—For support of Department of Food and Agriculture, for payment to Item 8570-001-0001, payable from the Department of Agriculture Account, Department of Agriculture Fund .....</p>	12,504,000
<p>Provisions:</p>	
<p>1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Government Code Section 13332.18.</p>	
<p>8570-001-0191—For support of Department of Food and Agriculture, for payment to Item 8570-001-0001, payable from the Fair and Exposition Fund .....</p>	3,139,000
<p>8570-001-0516—For support of Department of Food and Agriculture, for payment to Item 8570-001-0001, payable from the Harbors and Watercraft Revolving Fund .....</p>	975,000
<p>8570-001-0601—For support of Department of Food and Agriculture, for payment to Item 8570-001-0001, payable from the Agriculture Building Fund.....</p>	1,366,000
<p>Provisions:</p>	
<p>1. Funds appropriated in this item are in lieu of the appropriation made by Section 624 of the Food and Agricultural Code.</p>	
<p>8570-001-0890—For support of Department of Food and Agriculture, for payment to Item 8570-001-0001, payable from the Federal Trust Fund.....</p>	39,233,000
<p>Provisions:</p>	
<p>1. The Department of Finance may authorize the augmentation of this item in an amount not to exceed a cumulative total of \$1,500,000. Any augmentation pursuant to this provision shall be made only if the Department of Food and Agriculture has a valid federal contract or grant. These funds shall not be used for state or federal cooperative fruit fly eradication projects. The augmentations pursuant to this authority are not subject to Section 26.00 or 28.00 of this act.</p>	
<p>8570-002-0001—For support of Department of Food and Agriculture, Program 11, for sterile medfly release program in the Los Angeles Basin .....</p>	9,317,000
<p>8570-003-0001—For support of Department of Food and Agriculture for rental payments on lease-revenue bonds .....</p>	1,530,000

Item	Amount
Schedule:	
(1) Base Rental and Fees .....	1,622,000
(2) Insurance .....	19,000
(3) Reimbursements .....	-111,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
8570-003-0111—For support of Department of Food and Agriculture, for rental payments on lease-revenue bonds, payable from the Department of Agriculture Account, Department of Agriculture Fund .....	40,000
Schedule:	
(1) Base Rental.....	40,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
8570-003-0601—For support of Department of Food and Agriculture, for rental payments on lease-revenue bonds, payable from the Agriculture Building Fund .....	230,000
Schedule:	
(1) Base Rental.....	228,000
(2) Insurance .....	2,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
8570-004-0001—For transfer by the Controller to the Pierce’s Disease Management Account (3010).....	6,408,000
Provisions:	
1. Of the funds appropriated in this item, \$6,408,000 shall be deposited in the Pierce’s Disease Management Account in the Food and Agricultural Fund and shall be available for expenditure without regard to fiscal year for the purpose of combating Pierce’s disease and its vectors.	



Item	Amount
8570-005-0001—For support, Department of Food and Agriculture for the “Buy California” Program .....	1,500,000
8570-011-0112—For support of Department of Food and Agriculture, for payment to Item 8570-001-0001, payable from the Agricultural Pest Control Research Account .....	5,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Government Code Section 13332.18.	
8570-011-0191—For transfer by the State Controller from the Fair and Exposition Fund to the General Fund, for health benefits for retired employees of district agricultural associations.....	(246,000)
8570-011-0890—For transfer by the Controller from the Federal Trust Fund to the Pierce’s Disease Management Account .....	10,995,000
Provisions:	
1. The funds appropriated in this item shall be deposited in the Pierce’s Disease Management Account in the Food and Agricultural Fund and shall be available for expenditure for the purpose of combating Pierce’s disease and its vectors.	
8570-012-0192—For support of Department of Food and Agriculture, for payment to Item 8570-001-0001, payable from the Satellite Wagering Account .....	374,000
8570-101-0001—For local assistance, Department of Food and Agriculture .....	10,530,000
Schedule:	
(1) 11-Agricultural Plant and Animal, Pest and Disease Prevention.....	10,530,000
(2) 31-Assistance to Fairs and County Agricultural Activities .....	1,333,000
(3) Amount payable from the Fair and Exposition Fund (Item 8570-101-0191).....	-950,000
(4) Amount payable from the General Fund (Item 8570-111-0001).....	-383,000
8570-101-0191—For local assistance, Department of Food and Agriculture, for payment to Item 8570-101-0001, payable from the Fair and Exposition Fund .....	950,000
Provisions:	
1. The funds appropriated in this item are for unemployment insurance at local fairs.	

Item	Amount
<ul style="list-style-type: none"> <li>2. The funds appropriated in this item are for the contributions, or the cost of benefits in lieu of contributions, payable from the Fair and Exposition Fund to the Unemployment Fund by all entities conducting fairs, including county, district, combined county and district, and citrus fruit fairs receiving funds pursuant to Chapter 4 (commencing with Section 19400) of Division 8 of the Business and Professions Code, as a result of unemployment insurance coverage pursuant to Section 605 of the Unemployment Insurance Code.</li> </ul>	
8570-111-0001—For local assistance, Department of Food and Agriculture, for payment to Item 8570-101-0001 .....	383,000
Provisions: <ul style="list-style-type: none"> <li>1. The funds appropriated in this item are also available for compensation for services performed for agricultural departments and are to be expended in accordance with the provisions of Sections 2221 to 2224, inclusive, of the Food and Agricultural Code.</li> </ul>	
8570-112-0111—For transfer by the Controller upon order of the Director of Finance from the Agriculture Fund to the General Fund .....	15,000,000
<ul style="list-style-type: none"> <li>1. The loan appropriated in this item shall be fully repaid to the Agriculture Fund by October 1, 2003. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. The Controller shall, within 15 working days of receipt of written notification from the Department of Finance, transfer from the General Fund to the Agriculture Fund the full amount of the loan or increments thereof as requested by the Department of Finance. The Department of Finance shall, within 30 days of receipt of written notification documenting the need of the loan repayment from the Department of Food and Agriculture, provide written notification to the Controller notifying the State Controller of the amount to be transferred from the General Fund to the Agriculture Fund. The Department of Food and Agriculture may request through the Department of Finance an incremental repayment of the loan prior to October 1, 2003. A fee or assessment may not be increased by the Department of Food and Agriculture as a result of the loan.</li> </ul>	

Item	Amount
8570-301-0042—For capital outlay, Department of Food and Agriculture, payable from the State Highway Account .....	4,043,000
Schedule:	
(1) 90.04.010-Relocation: Dorris Agriculture Inspection Station— Working drawings.....	444,000
(2) 90.18.001-Relocation: Yermo Agriculture Inspection Station— Working drawings and construction.....	3,599,000
8570-301-0660—For capital outlay, Department of Food and Agriculture, payable from the Public Buildings Construction Fund .....	11,203,000
Schedule:	
(1) 90.18.001-Relocation: Yermo Agriculture Inspection Station— Working drawings and construction.....	11,203,000
Provisions:	
1. The State Public Works Board may issue lease-revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance the design and construction of the project authorized by this item.	
2. The State Public Works Board and the Department of Food and Agriculture may obtain interim financing for the project costs authorized in this item from any appropriate source including, but not limited to, Section 15849.1 of the Government Code and the Pooled Money Investment Account pursuant to Sections 16312 and 16313 of the Government Code.	
3. The State Public Works Board may authorize the augmentation of the cost of construction of the projects scheduled in this item pursuant to the board's authority under Section 13332.11 of the Government Code. In addition, the State Public Works Board may authorize any additional amount necessary to establish a reasonable construction reserve and to pay the cost of financing, including the payment of interest during construction of the project, the costs of financing a debt service fund, and the cost of issuance of perma-	

Item	Amount
<p>ment financing for the project. This additional amount may include interest payable on any interim financing obtained.</p> <p>4. This department is authorized and directed to execute and deliver any and all leases, contracts, agreements or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the scheduled projects.</p> <p>5. The State Public Works Board shall not itself be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (commencing with Section 21000 of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (commencing with Section 15800 of the Government Code). This section does not exempt this department from the requirements of the California Environmental Quality Act. This section is declarative of existing law.</p> <p>8570-401—For support of Department of Food and Agriculture: Notwithstanding any other provision of law, \$2,900,000 of the funds appropriated pursuant to subdivision (c) of Section 224 of the Food and Agricultural Code shall be allocated to counties in a manner prescribed by the secretary for pest detection/trapping programs. These funds are intended to supplement funds available for pest detection/trapping in Item 8570-101-0001. As a condition of receiving these funds, counties shall not reduce their level of support from any other funds for pest detection/trapping programs. If a county declines to participate in a pest detection/trapping program, or fails to conduct the program to the state's satisfaction, the secretary shall reduce, by the amount that would otherwise be allocated to the county, funds available pursuant to subdivision (c) of Section 224 and other state allocations from Item 8570-101-0001. These funds are hereby appropriated to the Department of Food and Agriculture Item 8570-001-0001 for purposes of operating the pest detection/trapping programs in the counties.</p> <p>8570-402—For local assistance, Department of Food and Agriculture: The remaining funds available pursuant to subdivision (c) of Section 224 of the Food and Agricultural Code, after allocation in accordance with Item 8570-401 and Provisions 1 and 2 of Item</p>	

Item	Amount
8570-001-0001, shall be apportioned to the counties as follows: in relation to each county's expenditures to the total amount expended by all counties for the preceding fiscal year for agricultural programs that are supervised by the department and for pesticide use enforcement programs supervised by the Department of Pesticide Regulation. This item shall not be effective if a later enacted statute amends subdivision (c) of Section 224 of the Food and Agricultural Code.	
8570-403—For Department of Food and Agriculture. Notwithstanding any other provision of law, 30 days prior to the Department of Food and Agriculture's entering into interim financing or long-term financing, including bond agreements, pursuant to Article 9 (commencing with Section 19590) of Chapter 4 of Division 8 of the Business and Professions Code, the department shall submit a report to the Chairperson of the Joint Legislative Budget Committee with copies to the Chairpersons of Senate Budget and Fiscal Review Subcommittee Number 2, Assembly Ways and Means Subcommittee Number 3, the Senate Select Committee on Fairs and Rural Issues, the Subcommittee on Fairs and Expositions of the Assembly Committee on Agriculture, and the Department of Finance. The report shall list: (a) proposed individual satellite wagering expansion projects at fairs, (b) costs for constructing, operating, and maintaining individual satellite wagering projects, (c) net revenue projections for individual satellite wagering projects, and (d) projected effect on net Satellite Wagering Account revenue resulting from individual satellite wagering projects and satellite wagering-related projects. Additional notification is not required for financing proposals unless refinancing will result in the expenditure of additional funds, in which case the report shall include the above-requested information relating only to the new debt. Reporting shall be required only for satellite wagering projects that are funded by interim financing or long-term financing, including bond agreements.	
8620-001-0001—For support of Fair Political Practices Commission .....	2,609,000
Schedule:	
(1) 10.10-Local enforcement .....	1,160,000
(2) 10.20-Legal, technical assistance and state enforcement .....	1,449,000

Item	Amount
8640-001-0001—For support of Political Reform Act of 1974, the following sums are appropriated to, and in augmentation of, the following agencies and officers for the administration, investigation and regulation of political campaigns, officials, and lobbyists.....	2,257,000
Schedule:	
(A) 10-Secretary of State .....	733,000
For transfer by the State Controller to Item 0890-001-0001 as follows:	
(1) Personal Services... (508,000)	
(2) Operating expenses and equipment..... (225,000)	
(B) 20-Franchise Tax Board .....	1,316,000
For transfer by the State Controller to Item 1730-001-0001 as follows:	
(3) 30-Political Reform Audit.....(1,316,000)	
(C) 30-Department of Justice .....	216,000
For transfer by the State Controller to Item 0820-001-0001 as follows:	
(7) 40-Criminal Law ... (78,000)	
(9) 50-Law Enforcement..... (138,000)	
(D) 40-Fair Political Practices Commission.....	(3,475,000)
(E) Reimbursements .....	-8,000
For transfer by the State Controller to Item 0890-001-0001(4)	
Provisions:	
1. The Controller shall transfer funds as specified above, including any allocations made by the Department of Finance, on January 1, 2002.	
8660-001-0042—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the State Highway Account, State Transportation Fund.....	2,524,000
8660-001-0046—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the Public Transportation Account, State Transportation Fund.....	2,322,000
8660-001-0412—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the Transportation Rate Fund .....	1,826,000
8660-001-0461—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the Public Utilities Commission Transportation Reimbursement Account.....	7,181,000

Item	Amount
8660-001-0462—For support of Public Utilities Commission, payable from the Public Utilities Commission Utilities Reimbursement Account.....	75,895,000
Schedule:	
(1) 10-Regulation of Utilities .....	89,654,000
(1.5) 15-Universal Service Telephone Programs.....	1,091,726,000
(2) 20-Regulation of Transportation.....	13,853,000
(3) 30.01-Administration.....	15,408,000
(4) 30.02-Distributed Administration .....	-15,408,000
(5) Reimbursements.....	-12,728,000
(6) Amount payable from the State Highway Account, State Transportation Fund (Item 8660-001-0042).	-2,524,000
(7) Amount payable from the Public Transportation Account, State Transportation Fund (Item 8660-001-0046).....	-2,322,000
(8) Amount payable from the Transportation Rate Fund (Item 8660-001-0412).....	-1,826,000
(9) Amount payable from the Public Utilities Commission Transportation Reimbursement Account (Item 8660-001-0461) .....	-7,181,000
(10) Amount payable from California High-Cost Fund-A Administrative Committee Fund (Item 8660-001-0464).....	-42,998,000
(11) Amount payable from California High-Cost Fund-B Administrative Committee Fund (Item 8660-001-0470) .....	-535,159,000
(12) Amount payable from Universal Lifeline Telephone Service Trust Administrative Committee Fund (Item 8660-001-0471).....	-284,804,000
(13) Amount payable from Deaf and Disabled Telecommunications Program Administrative Committee Fund (Item 8660-001-0483).....	-68,110,000
(14) Amount payable from Payphone Service Providers Committee Fund (Item 8660-001-0491) .....	-1,165,000

Item	Amount
(15) Amount payable from California Teleconnect Fund Administrative Committee Fund (Item 8660-001-0493) .....	-159,490,000
(16) Amount payable from the Federal Trust Fund (Item 8660-001-0890).	-1,031,000
Provisions:	
1. The Public Utilities Commission shall require any public utility requesting a merger to reimburse the commission for those necessary expenses that the commission incurs in its consideration of the proposed merger.	
8660-001-0464—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the California High-Cost Fund-A Administrative Committee Fund.....	42,998,000
Provisions:	
1. Of the amount appropriated in this item, up to \$141,000 shall be used by the Public Utilities Commission to fund administrative and staffing costs for the California High-Cost Fund-A Administrative Committee Program, subject to the approval of the Department of Finance and notification to the Joint Legislative Budget Committee.	
8660-001-0470—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the California High-Cost Fund-B Administrative Committee Fund.....	535,159,000
Provisions:	
1. Of the amount appropriated in this item, up to \$141,000 shall be used by the Public Utilities Commission to fund administrative and staffing costs for the California High-Cost Fund-B Administrative Committee Program, subject to the approval of the Department of Finance and notification to the Joint Legislative Budget Committee.	
8660-001-0471—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the Universal Lifeline Telephone Service Trust Administrative Committee Fund.....	284,804,000
Provisions:	
1. Of the amount appropriated in this item, up to \$357,000, shall be used by the Public Utilities Commission to fund administrative and staffing costs for the Universal Lifeline Telephone Service	



Item	Amount
Trust Administrative Committee Program, subject to the approval of the Department of Finance and notification to the Joint Legislative Budget Committee.	
8660-001-0483—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the Deaf and Disabled Telecommunications Program Administrative Committee Fund .....	68,110,000
8660-001-0491—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the Payphone Service Providers Committee Fund.....	1,165,000
Provisions:	
1. Of the amount appropriated in this item, up to \$763,000 shall be used by the Public Utilities Commission to fund administrative and staffing costs for the Payphone Service Providers Committee Program, subject to the approval of the Department of Finance and notification to the Joint Legislative Budget Committee.	
8660-001-0493—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the California Teleconnect Fund Administrative Committee Fund.....	159,490,000
Provisions:	
1. Of the amount appropriated in this item, up to \$141,000 shall be used by the Public Utilities Commission to fund administrative and staffing costs for the California Teleconnect Fund Administrative Committee Program, subject to the approval of the Department of Finance and notification to the Joint Legislative Budget Committee.	
8660-001-0890—For support of Public Utilities Commission, for payment to Item 8660-001-0462, payable from the Federal Trust Fund .....	1,031,000
8660-003-0412—For support of Public Utilities Commission for rental payments on lease-revenue bonds, payable from the Transportation Rate Fund .....	81,000
Schedule:	
(1) Base Rental.....	150,000
(2) Insurance .....	3,000
(3) Reimbursements .....	-72,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule	

Item	Amount
<p>shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.</p>	
<p>8660-003-0461—For support of Public Utilities Commission for rental payments on lease-revenue bonds, payable from the Public Utilities Commission Transportation Reimbursement Account.....</p>	297,000
<p>Schedule:</p>	
<p>(1) Base Rental and Fees .....</p>	552,000
<p>(2) Insurance .....</p>	8,000
<p>(3) Reimbursements.....</p>	-263,000
<p>Provisions:</p>	
<p>1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.</p>	
<p>8660-003-0462—For support of Public Utilities Commission for rental payments on lease-revenue bonds, payable from the Public Utilities Commission Utilities Reimbursement Account.....</p>	2,317,000
<p>Schedule:</p>	
<p>(1) Base Rental and Fees .....</p>	4,316,000
<p>(2) Insurance .....</p>	59,000
<p>(3) Reimbursements.....</p>	-2,058,000
<p>Provisions:</p>	
<p>1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.</p>	
<p>8660-011-0464—For transfer by the Controller from the California High-Cost Fund-A Administrative Committee Fund to the General Fund.....</p>	(27,200,000)
<p>8660-011-0470—For transfer by the Controller from the California High-Cost Fund B Administrative Committee Fund to the General Fund.....</p>	(250,900,000)
<p>8665-001-9326—For support of California Consumer Power and Conservation Financing Authority, payable from the California Consumer Power and Conservation Financing Authority Fund.....</p>	4,402,000
<p>Schedule:</p>	
<p>(1) 15-Energy Acquisition.....</p>	2,465,000
<p>(2) 20-Planning and Policy Development.....</p>	1,937,000

Item	Amount
(3) 30.01-Administration.....	1,049,000
(4) 30.02-Distributed Administration ...	-1,049,000
Provisions:	
1. Funds appropriated in this item are to be used to conduct activities pursuant to Chapter 10 of the Statutes of 2001 of the First Extraordinary Session and may be spent only upon approval by the Department of Finance. Amounts may be approved for expenditure on an allotment basis and shall be limited to the amounts needed to carry out operating and staffing plans approved by the Department of Finance. The Department of Finance shall notify the Joint Legislative Budget Committee of approval of expenditures in a timely manner.	
2. On or before June 30, 2003, the Authority shall transfer \$1 million to the Renewable Resource Trust Fund from the proceeds of its financing activities or other project or program revenues.	
8690-001-0001—For support of Seismic Safety Commission.....	891,000
Schedule:	
(1) 10-Seismic Safety Commission.....	1,066,000
(2) Reimbursements.....	-175,000
8700-001-0001—For support of California Victim Compensation and Government Claims Board .....	832,000
Schedule:	
(1) 11-Citizens Indemnification .....	63,770,000
(2) 12-Quality Assurance and Revenue Recovery Division .....	7,829,000
(3) 21-Disaster Relief Claim Program.....	19,000
(4) 31-Civil Claims Against the State..	832,000
(5) 41-Citizens Benefiting the Public...	20,000
(6) 51.01-Administration.....	7,223,000
(7) 51.03-Executive Office.....	340,000
(8) 51.02-Distributed Administration Executive Office .....	-7,563,000
(9) Reimbursements.....	-19,000
(10) Amount payable from the Restitution Fund (Item 8700-001-0214)...	-42,272,000
(11) Amount payable from the Federal Trust Fund (Item 8700-001-0890).....	-29,327,000
(12) Amount payable from the Restitution Fund (Item 8700-002-0214)...	-20,000

Item	Amount
Provisions:	
1. The California Victim Compensation and Government Claims Board shall not routinely notify all local agencies and school districts regarding its proceedings. However, for each of its meetings, the board shall notify all parties whose claims or proposals are scheduled for consideration and any party requesting notice of the proceedings.	
8700-001-0214—For support of California Victim Compensation and Government Claims Board, for support services pursuant to Chapter 5 (commencing with Section 13959) of Part 4 of Division 3 of Title 2 of the Government Code, for payment to Item 8700-001-0001, payable from the Restitution Fund .....	42,272,000
Provisions:	
1. It is the intent of the Legislature that local agencies which contract with the California Victim Compensation and Government Claims Board as part of joint powers agreements or criminal restitution compacts are reimbursed for their costs. Notwithstanding any other provision of law, the Department of Finance may authorize expenditure from the Restitution Fund in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity is provided to the chairperson of the committee in each house of the Legislature that considers appropriations, the chairpersons of the committees and the appropriate subcommittees in each house of the Legislature that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee.	
2. Of the amount appropriated in this item, \$125,000 shall be available to provide the resources needed to support the Victims of Crime Recovery Center pilot project pursuant to Section 13974.5 of the Government Code.	
8700-001-0890—For support of California Victim Compensation and Government Claims Board for payment to Item 8700-001-0001, payable from the Federal Trust Fund .....	29,327,000
8700-002-0214—For support of California Victim Compensation and Government Claims Board for support services pursuant to subdivision (e) of Section 13973 of the Government Code, for payment to Item 8700-001-0001, payable from the Restitution Fund .....	20,000

Item	Amount
8700-101-0001—For local assistance, California Victim Compensation and Government Claims Board for reimbursement of special election costs pursuant to Chapter 1102 of the Statutes of 1996, as amended by Chapter 790 of the Statutes of 1999 .....	1,000,000
Provisions:	
1. All expenses authorized and necessarily incurred in the preparation for and conduct of elections pursuant to Chapter 1102 of the Statutes of 1996, as amended by Chapter 790 of the Statutes of 1999, shall be reimbursed at a maximum rate of up to \$1.37 per registered voter or the actual amount claimed for nonconsolidated elections, whichever is less, and a maximum rate of up to \$0.66 per registered voter or the actual amount claimed for consolidated elections, whichever is less.	
2. The California Victim Compensation and Government Claims Board may approve claims of counties in which fewer than 20,000 registered voters were eligible to participate in a special election in amounts greater than the maximums specified in Provision 1.	
8700-295-0001—For local assistance, California Victim Compensation and Government Claims Board for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller .....	0
Schedule:	
(1) 98.01.112.377-Adult Felony Restitution (Ch. 1123, Stats. 1977) .....	0
Provisions:	
1. Pursuant to Section 17581 of the Government Code, mandates identified in the appropriation schedule of this item with an appropriation of \$0 and included in the language of this provision are specifically identified by the Legislature for suspension during the 2002–03 fiscal year:	
(1) Adult Felony Restitution (Ch. 1123, Stats. 1977).	
8770-001-0462—For support of Electricity Oversight Board, payable from the Public Utilities Commission Utilities Reimbursement Account .....	3,017,000

Item	Amount
Schedule:	
(1) 30-Administration .....	3,490,000
(3) Amount payable from the Energy Resources Programs Account (Item 8770-001-0465) .....	-473,000
8770-001-0465—For support of Electricity Oversight Board, for payment to Item 8770-001-0462, payable from the Energy Resources Programs Account .....	473,000
8780-001-0001—For support of Milton Marks “Little Hoover” Commission on California State Government Organization and Economy .....	838,000
Schedule:	
(1) 10-Milton Marks Commission on California State Government Organization and Economy .....	840,000
(2) Reimbursements .....	-2,000
8800-001-0001—For support of Membership in Interstate Organizations, to be allocated by the State Controller .....	931,000
Schedule:	
(1) 10-Council of State Governments .....	211,000
(2) 20-National Conference of State Legislatures .....	228,000
(3) 30-Western States Legislative Forestry Task Force.....	11,000
(4) 35-Pacific Fisheries Legislative Task Force .....	13,000
(5) 50-State and Local Legal Center....	4,000
(6) 60-National Governors’ Association	82,000
(7) 60-Coastal States’ Organization .....	7,000
(8) 80-Western Governors’ Association.	18,000
(9) 91-National Center for State Courts	201,000
(10) 92-Western Interstate Commission for Higher Education .....	52,000
(11) 93-Interstate Compact for Education.....	66,000
(12) 94-For the Sake of the Salmon ....	38,000
8820-001-0001—For support of Commission on the Status of Women .....	429,000
Schedule:	
(1) 10-Administration, Legislation, Research and Information.....	431,000
(2) Reimbursements .....	-2,000
8830-001-0001—For support of California Law Revision Commission .....	555,000

Item	Amount
Schedule:	
(1) 10-Law Revision Commission .....	570,000
(2) Reimbursements .....	-15,000
8840-001-0001—For support of California Commission on Uniform State Laws.....	138,000
8855-001-0001—For support of Bureau of State Audits, for transfer to the State Audit Fund.....	11,349,000
Schedule:	
(1) 10-State Auditor.....	11,349,000
Provisions:	
1. The Joint Legislative Audit Committee shall au- thorize an audit of the claims submitted to the State Controller’s Office for reimbursement of the Peace Office Procedural Bill of Rights (POBOR) mandate. The audit should consider:	
(a) Whether the mandate’s parameters and guide- lines clearly and precisely reflect the man- date’s statement of decision and, if not, why parameters and guidelines meeting this stan- dard were not enacted.	
(b) Whether mandate claims submitted by local agencies and school districts are consistent with the mandate’s parameters and guidelines.	
(c) Factors explaining the wide variation in costs claimed, including different approaches used by consultants and financial incentives pro- vided to local agencies relating to this claim.	
(d) The accuracy of the Commission on State Mandates’ statewide cost estimate for POBOR.	
(e) Requirements of the POBOR mandate that pose the greatest state-reimbursable costs.	
The State Auditor shall report the results of the audit and make recommendations to the appropri- ate budget subcommittees of each house, the Leg- islative Analyst, and the Department of Finance on or before March 30, 2003.	
8860-001-0001—For support of Department of Finance .....	28,972,000
Schedule:	
(1) 10-Annual Financial Plan .....	17,383,000
(2) 20-Program and Information Sys- tem Assessments .....	11,160,000
(3) 30-Supportive Data .....	10,825,000
(4) 40.01-Administration.....	5,417,000

Item	Amount
(5) 40.02-Distributed Administration ...	-4,942,000
(6) Reimbursements .....	-10,871,000
Provisions:	
1. The funds appropriated in this item for CALSTARS shall be transferred by the Controller, upon order of the Department of Finance, or made available by the Department of Finance as a reimbursement, to other items and departments for CALSTARS-related activities by the Department of Finance.	
2. The funds appropriated in this act for purposes of CALSTARS-related data-processing costs may be transferred between any items in this act by the Controller upon order of the Director of Finance. Any funds so transferred shall be used only for support of CALSTARS-related data-processing costs incurred.	
3. Of the funds appropriated in Schedule (2), \$2,000,000 is for Government Security and Oversight of Information and Technology projects.	
8885-001-0001—For support of Commission on State Mandates, Program 10 .....	1,578,000
Provisions:	
1. The Commission on State Mandates shall provide, in applicable parameters and guidelines, as follows:	
(a) If a local agency or school district contracts with an independent contractor for the preparation and submission of reimbursement claims, the costs reimbursable by the state for that purpose shall not exceed the lesser of (1) 10 percent of the amount of the claims prepared and submitted by the independent contractor, or (2) the actual costs that necessarily would have been incurred for that purpose if performed by employees of the local agency or school district.	
(b) The maximum amount of reimbursement authorized by subdivision (a) may be exceeded only if the local agency or school district establishes, by appropriate documentation, that the preparation and submission of these claims could not have been accomplished without the incurring of the additional costs claimed by the local agency or school district.	
2. In the case where the commission receives one or more county applications for a finding of signifi-	



Item	Amount
<p>cant financial distress pursuant to Section 17000.6 of the Welfare and Institutions Code, and where the commission files a request under Section 27.00 of the Budget Act in order to carry out its duties with respect to those applications, then, notwithstanding the provisions of Section 17000.6 of the Welfare and Institutions Code, the time limit imposed on the commission to reach its preliminary and final decisions shall be tolled until such time as the commission has received spending authorization.</p>	
8910-001-0001—For support of Office of Administrative Law .....	2,273,000
Schedule:	
(1) 10-Regulatory Oversight.....	2,413,000
(2) Reimbursements.....	-140,000
8940-001-0001—For support of Military Department....	29,844,000
Schedule:	
(1) 10-Army National Guard.....	51,184,000
(2) 20-Air National Guard .....	15,971,000
(3) 30.01-Office of the Adjutant General.....	7,731,000
(4) 30.02-Distributed Office of the Adjutant General .....	-7,731,000
(5) 35-Military Support to Civil Authority .....	2,924,000
(6) 40-Military Retirement .....	3,156,000
(7) 50-California Cadet Corps .....	1,280,000
(8) 55-California State Military Reserve.....	235,000
(9) 65-California National Guard Youth Programs .....	11,585,000
(9.5) 97.20.001-Unallocated Reduction.....	-900,000
(10) Reimbursements .....	-3,890,000
(11) Amount payable from the Armory Discretionary Improvement Account (Item 8940-001-0485).....	-150,000
(12) Amount payable from the Federal Trust Fund (Item 8940-001-0890) .....	-51,551,000
Provisions:	
<p>1. No expenditures shall be made from the funds appropriated in this item as a substitution for personnel, equipment, facilities, or other assistance, or for any portion thereof, that, in the absence of the expenditure, or of this appropriation, would be</p>	

Item	Amount
available to the Adjutant General of the State Military Forces, the California State Military, or the California State Military Reserve from the federal government.	
2. The funds appropriated in Schedule (6) shall be for military retirements, in accordance with Sections 228 and 256 of the Military and Veterans Code.	
8940-001-0485—For support of Military Department, for payment to Item 8940-001-0001, payable from the Armory Discretionary Improvement Account.....	150,000
Provisions:	
1. No expenditures shall be made from this appropriation until sufficient revenues or income from armories have been deposited into the State Treasury to the credit of the General Fund pursuant to subdivision (c) of Section 431 of the Military and Veterans Code.	
8940-001-0890—For support of Military Department, for payment to Item 8940-001-0001, payable from the Federal Trust Fund .....	51,551,000
8940-301-0001—For capital outlay, Military Department.....	7,270,000
Schedule:	
(1) 70.52.010-Azusa: Armory— Working drawings, construction, equipment.....	6,077,000
(2) 70.83.010-Lancaster: Armory— Preliminary plans .....	743,000
(3) 70.81.040-Los Alamitos Air Field Electrical Distribution System— Working drawings.....	450,000
8940-301-0604—For capital outlay, Military Department, payable from the Armory Fund.....	750,000
(1) 70.83.010-Lancaster Armory-Ac- quisition .....	750,000
8940-495—Reversion, Military Department. As of June 30, 2002, the unencumbered balance of the appropriation provided in the following citation shall revert to the General Fund.	
0001—General Fund	
(1) Item 8940-301-0001, Budget Act of 1999 (Ch. 50, Stats. 1999) as reappropriated by Item 8940-490, Budget Act of 2000 (Ch. 52, Stats. 2000), (1) 70.10.010-Statewide—Project planning, working drawings, supervision of construction.	

Item	Amount
8955-001-0001—For support of Department of Veterans Affairs.....	2,830,000
Schedule:	
(1) 10-Farm and Home Loans to Veterans .....	1,328,000
(2) 20-Veterans Claims and Rights .....	1,626,000
(3) 30-Care of Sick and Disabled Veterans.....	1,564,000
(4) 50.01-General Administration .....	2,958,000
(5) 50.02-Distributed General Administration.....	-2,958,000
(6) Reimbursements.....	-316,000
(7) Amount payable from the Veterans Service Office Fund (Item 8955-001-0083) .....	-44,000
(8) Amount payable from the Veterans' Farm and Home Building Fund of 1943 (Item 8955-001-0592).....	-1,328,000
Provisions:	
1. The Department of Finance shall conduct an audit of the internal control system of the Department of Veterans Affairs and the Veterans Homes. The Department of Finance shall make recommendations for addressing all deficiencies at the Department of Veterans Affairs and the Veterans Homes. The Department of Veterans Affairs shall reimburse the Department of Finance for costs associated with the audit.	
8955-001-0083—For support of Department of Veterans Affairs, for payment to Item 8955-001-0001, payable from the Veterans Service Office Fund .....	44,000
8955-001-0592—For support of Department of Veterans Affairs, for payment to Item 8955-001-0001, payable from the Veterans' Farm and Home Building Fund of 1943.....	1,328,000
8955-101-0001—For local assistance, Department of Veterans Affairs, for contribution to counties toward compensation and expenses of county veteran services offices, to be expended in accordance with Section 972 and following of the Military and Veterans Code .....	2,350,000
Schedule:	
(1) 20-Veterans Claims and Rights .....	3,188,000
(2) Reimbursements.....	-838,000
8955-101-0083—For local assistance, Department of Veterans Affairs, county veterans services offices, payable from the Veterans Service Office Fund .....	470,000

Item	Amount
8955-301-0001—For capital outlay, Department of Veterans Affairs.....	253,000
Schedule:	
(1) 80.10.010-Northern California Veterans' Cemetery—Working drawings .....	253,000
8955-301-0890—For capital outlay, Department of Veterans Affairs.....	6,282,000
Schedule:	
(1) 80.10.010-Northern California Veterans' Cemetery—Construction ....	6,282,000
Provisions:	
1. The funds appropriated in this item shall be available for encumbrance until June 30, 2006.	
8960-011-0001—For support of Veterans' Home of California—Yountville .....	31,563,000
Schedule:	
(1) 30-Care of Sick and Disabled Veterans.....	67,203,000
(2) Reimbursements.....	-23,384,000
(3) Amount payable from the Federal Trust Fund (Item 8960-011-0890).....	-12,256,000
Provisions:	
1. The Director of Finance may authorize a loan from the General Fund, in an amount not to exceed the level of reimbursements appropriated in Schedule (2) of this item to the Veterans' Home of California, provided that:	
(a) The loan is to meet cash needs resulting from the delay in receipt of reimbursements for medical services provided.	
(b) The loan is short-term, and shall be repaid within six months.	
(c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.	
(d) The Director of Finance may not approve the loan unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations not later than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time the chairperson of the joint committee or his or her designee may determine.	

Item	Amount
2. At the end of the six-month term of the loan, the department shall notify the Chairperson of the Joint Legislative Budget Committee whether the Veterans' Home of California has repaid the loan made pursuant to subdivision (d) of Provision 1. If the department notifies the Legislature that the Veterans' Home of California cannot repay the loan within the six-month loan period, it shall identify a payment schedule for full payment of the loan.	
3. Of the funds appropriated in Schedule (1), the amount of \$500,000 is available for special projects that provide a direct benefit to the members of the Veterans' Home of California at Yountville, including the maintenance of facilities used by members and the public. The Allied Council at the Veterans' Home of California may submit special project requests to the administrator for consideration. After consultation with the Allied Council, a budget for expenditure of these funds shall be approved by the administrator, and the Secretary of Veterans Affairs.	
8960-011-0890—For support of Veterans' Home of California—Yountville, for payment to Item 8960-011-0001, payable from the Federal Trust Fund.....	12,256,000
8960-301-0001—For capital outlay, Veterans' Home of California—Yountville .....	273,000
Schedule:	
(1) 80.20.045-Minor Projects .....	273,000
(2) 80.20.271-Yountville: Lincoln Theatre Renovation—Construction .....	15,590,000
(3) Reimbursements-Yountville: Lincoln Theatre Renovation—Construction .....	-15,590,000
8960-301-0701—For capital outlay, Veterans' Home of California—Yountville, payable from the Veterans Home Fund .....	1,901,000
Schedule:	
(1) 80.20.260-Convert & Renovate Laundry Facility—Working drawings and construction .....	617,000
(2) 80.20.300-Renovate 1.25 Million Gallon Water Storage Tank & Transmission Line—Preliminary plans, working drawings, and construction .....	738,000

Item	Amount
(3) 80.20.305-Renovate Memorial Chapel—Preliminary plans, working drawings, and construction .....	546,000
Provisions:	
1. Funds appropriated for working drawings and construction for the projects identified in Schedules (2) and (3) are available for encumbrance until June 30, 2005.	
8960-301-0890—For capital outlay, Veterans’ Home of California—Yountville, payable from the Federal Trust Fund.....	3,527,000
Schedule:	
(1) 80.20.260-Convert and Renovate Laundry Facility—Working drawings and construction .....	1,145,000
(2) 80.20.300-Renovate 1.25 Million Gallon Water Storage Tank and Transmission Line—Preliminary plans, working drawings, and construction .....	1,369,000
(3) 80.20.305-Renovate Memorial Chapel—Preliminary plans, working drawings, and construction .....	1,013,000
Provisions:	
1. Funds appropriated for working drawings and construction for the projects identified in Schedules (2) and (3) are available for encumbrance until June 30, 2005.	
8965-001-0001—For support of the Veterans’ Home of California—Barstow .....	12,081,000
Schedule:	
(1) 30-Care of Sick and Disabled Veterans .....	20,222,000
(2) Reimbursements.....	-4,544,000
(3) Amount payable from the Federal Trust Fund (Item 8965-001-0890). .....	-3,597,000
Provisions:	
1. The Director of Finance may authorize a loan from the General Fund, in an amount not to exceed the level of reimbursements appropriated in Schedule (2) of this item to the Veterans’ Home of California, provided that:	
(a) The loan is to meet cash needs resulting from the delay in receipt of reimbursements for medical services provided.	
(b) The loan is short-term, and shall be repaid within six months.	

Item	Amount
<ul style="list-style-type: none"> <li>(c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.</li> <li>(d) The Director of Finance may not approve the loan unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations not later than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time the chairperson of the joint committee or his or her designee may determine.</li> </ul>	
2. At the end of the six-month term of the loan, the department shall notify the Chairperson of the Joint Legislative Budget Committee whether the Veterans' Home of California has repaid the loan made pursuant to subdivision (d) of Provision 1. If the department notifies the Legislature that the Veterans' Home of California cannot repay the loan within the six-month loan period, it shall identify a payment schedule for full payment of the loan.	
8965-001-0890—For support of the Veterans' Home of California—Barstow, for payment to Item 8965-001-0001, payable from the Federal Trust Fund .....	3,597,000
8965-003-0001—For support of the Veterans' Home of California—Barstow for rental payments on lease-revenue bonds .....	1,188,000
Schedule:	
(1) Base Rental and Fees .....	1,131,000
(2) Insurance .....	117,000
(3) Reimbursements .....	-60,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
8966-001-0001—For support of the Veterans' Home of California—Chula Vista .....	10,845,000
Schedule:	
(1) 30-Care of Sick and Disabled Veterans.....	18,196,000
(2) Reimbursements.....	-3,496,000

Item		Amount
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(3) Amount payable from the Federal Trust Fund (Item 8966-001-0890). -3,855,000

Provisions:

1. The Director of Finance may authorize a loan from the General Fund, in an amount not to exceed the level of reimbursements appropriated in Schedule (2) of this item to the Veterans' Home of California, provided that:
  - (a) The loan is to meet cash needs resulting from the delay in receipt of reimbursements for medical services provided.
  - (b) The loan is short-term, and shall be repaid within six months.
  - (c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.
  - (d) The Director of Finance may not approve the loan unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations not later than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time the chairperson of the joint committee or his or her designee may determine.
2. At the end of the six-month term of the loan, the department shall notify the Chairperson of the Joint Legislative Budget Committee whether the Veterans' Home of California has repaid the loan made pursuant to subdivision (d) of Provision 1. If the department notifies the Legislature that the Veterans' Home of California cannot repay the loan within the six-month loan period, it shall identify a payment schedule for full payment of the loan.

8966-001-0890—For support of the Veterans' Home of California—Chula Vista, for payment to Item 8966-001-0001, payable from the Federal Trust Fund.....	3,855,000
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8966-003-0001—For support of the Veterans' Home of California—Chula Vista for rental payments on lease-revenue bonds.....	1,423,000
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Schedule:

- |                                |           |
|--------------------------------|-----------|
| (1) Base Rental and Fees ..... | 1,406,000 |
| (2) Insurance .....            | 17,000    |



Item		Amount
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Provisions:

1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.

9100-101-0001—For local assistance, Tax Relief.....		696,144,000
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Schedule:

- |   |  |             |
|---|--|-------------|
| (1) 10-Senior Citizens' Property Tax Assistance.....        |  | 33,400,000  |
| (2) 20-Senior Citizens' Property Tax Deferral Program ..... |  | 12,800,000  |
| (3) 30-Senior Citizen Renters' Tax Assistance.....          |  | 200,500,000 |
| (4) 50-Homeowners' Property Tax Relief .....                |  | 410,400,000 |
| (5) 60-Subventions for Open Space.....                      |  | 39,000,000  |
| (6) 90-Substandard Housing .....                            |  | 44,000      |

Provisions:

1. Schedule (1) is for property tax assistance to homeowner claimants in accordance with the Senior Citizens Property Tax Assistance and Postponement Law, as set forth in Part 10.5 (commencing with Section 20501) of Division 2 of the Revenue and Taxation Code.

Any unexpended balance in Schedule (1) may be used to make payments to senior citizen renter claimants under Schedule (3).

2. Schedule (2) is for property tax postponement and assistance to claimants in accordance with the Senior Citizens Property Tax Assistance and Postponement Law, as set forth in Part 10.5 (commencing with Section 20501) of Division 2 of the Revenue and Taxation Code. The appropriation made by this schedule shall be in lieu of the appropriation for the same purpose contained in Section 16100 of the Government Code.

3. Schedule (3) is for property tax assistance to renter claimants in accordance with the Senior Citizens Property Tax Assistance and Postponement Law, as set forth in Part 10.5 (commencing with Section 20501) of Division 2 of the Revenue and Taxation Code.

Any unexpended balance in Schedule (3) may be used to make payments to senior citizen homeowner claimants under Schedule (1).

Item	Amount
<p>4. Schedule (4) is for reimbursement to local taxing authorities for revenue lost by reason of the homeowners' property tax exemption granted pursuant to subdivision (k) of Section 3 of Article XIII of the California Constitution. The appropriation made by this schedule shall be in lieu of the appropriation required pursuant to Section 25 of Article XIII of the California Constitution and the appropriation for the same purposes contained in Section 16100 or 16120 of the Government Code.</p> <p>5. Schedule (5) is for providing reimbursement to local taxing authorities for revenue lost by reason of the assessment of open-space lands under Sections 423, 423.3, 423.4, and 423.5 of the Revenue and Taxation Code, and in accordance with Chapter 3 (commencing with Section 16140) of Part 1 of Division 4 of Title 2 of the Government Code. The appropriation made by this schedule shall be in lieu of the appropriation for the same purpose contained in Section 16100 or 16140 of the Government Code.</p> <p>6. Schedule (6) is for transfer by the Controller to the Local Agency Code Enforcement and Rehabilitation Fund, for the purpose of providing funds to defray costs incurred in the enforcement of local housing code provisions and to fund housing rehabilitation programs for persons and families of low and moderate income, as defined in Section 50093 of the Health and Safety Code, to be allocated to local agencies, prorated on the basis of their share of disallowed deductions that resulted from the agencies' proceedings. Notwithstanding Section 27 of this act, the Director of the Department of Finance, upon notification by the Franchise Tax Board, may revise the estimated appropriation of substandard housing abatement revenues to reflect the actual revenues received in 2001–02 pursuant to Sections 17299 and 24436.5 of the Revenue and Taxation Code.</p> <p style="padding-left: 40px;">This amount is in lieu of any statutory requirement.</p> <p>7. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for Schedules (1), (2), (3), (4), and (5) in excess of or less than the amount appropriated not sooner than 30 days after notification in writing of the ne-</p>	

Item	Amount
<p>cessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.</p> <p>9100-295-0001—For local assistance, Tax Relief, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller.....</p>	3,000
Schedule:	
(1) 98.01.124.277-Senior Citizens' Property Tax Deferral Program (Ch. 1242, Stats. 1977) .....	1,000
(2) 98.01.092.187-Countywide Tax Rates (Ch. 921, Stats. 1987).....	1,000
(3) 98.01.069.792-Allocation of Property Tax Revenue (Ch. 697, Stats. 1992).....	1,000
(4) 98.01.105.183-Senior Citizen's Mobilehome Property Tax Deferral (Ch. 1051, Stats. 1983) .....	0
(5) 98.01.004.887-Property Tax-Family Transfers (Ch. 48, Stats. 1987) .....	0
Provisions:	
1. Except as provided in Provision 2 of this item, allocations of funds provided in this item to the appropriate local entities shall be made by the State Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated in this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.	
2. If any of the scheduled amounts are insufficient to provide full reimbursement of costs, the State Controller may, upon notifying the Director of Fi-	

Item	Amount
<p>nance in writing, augment those deficient amounts from the unencumbered balance of any other scheduled amounts therein. No order may be issued pursuant to this provision unless written notification of the necessity therefor is provided to the chairperson of the committee in each house which considers appropriations and the Chairperson of the Joint Legislative Budget Committee or his or her designee.</p> <p>3. Pursuant to Section 17581 of the Government Code, mandates identified in the appropriation schedule of this item with an appropriation of \$0 and included in the language of this provision are specifically identified by the Legislature for suspension during the 2002–03 fiscal year:</p> <p>(4) Senior Citizen’s Mobilehome Property Tax Deferral (Ch. 1051, Stats. 1983)</p> <p>(5) Property Tax-Family Transfers (Ch. 48, Stats. 1987)</p>	
<p>9210-101-0001—For local assistance, local government financing .....</p>	232,600,000
<p>Provisions:</p> <p>1. For allocation by the Controller to local jurisdictions for public safety and juvenile justice purposes, as determined by the Director of Finance pursuant to Chapter 6.7 (commencing with Section 30061) of Division 3 of Title 3 of the Government Code.</p> <p>2. Notwithstanding any other provision of law, the funds appropriated in this item shall be available for expenditure until June 30, 2004. These funds shall be used to supplement and not supplant existing services.</p>	
<p>9210-103-0001—For local assistance, Local Government Financing. For assistance to redevelopment agencies, to be allocated by the State Controller.....</p>	1,400,000
<p>Provisions:</p> <p>1. The appropriation made in this item shall be in lieu of any appropriation required pursuant to Chapter 1.5 (commencing with Section 16110) of Part 1 of Division 4 of Title 2 of the Government Code.</p> <p>2. The Controller shall allocate funds appropriated in this item to redevelopment agencies that have pledged, pursuant to bond instruments and supporting documents, special supplemental subventions as security for payment of the principal and</p>	

Item

Amount

interest on bonds, and have demonstrated that gross tax increment revenues allocated to them in the 2001–02 fiscal year (as reported for inclusion in the Controller’s “Annual Report of Financial Transactions Concerning Community Redevelopment Agencies of California, Fiscal Year 2001–02”), less housing set-aside amounts not available for debt service, and less any reserve requirement deficiency existing as of December 31, 2002, would be insufficient to cover their maximum annual debt service requirements on bonds to which special supplemental subventions have been pledged. The amount allocated to any redevelopment agency shall not exceed the lesser of: (a) the amount that the redevelopment agency would otherwise be entitled to receive pursuant to paragraph (3) of subdivision (c) of Section 16111 of the Government Code, or (b) the amount required by the redevelopment agency to cover its maximum annual debt service requirements on bonds to which special supplemental subventions have been pledged, plus any reserve requirement deficiency existing as of December 31, 2002, less the amount of gross tax increment revenues allocated to it in the 2001–02 fiscal year, less housing set-aside amounts not available for debt service.

3. If the allocation required pursuant to Provision 2 would exceed the amount of the appropriation in this item, the Controller shall prorate the allocation to those redevelopment agencies that meet the requirements of Provision 2.
4. Notwithstanding Section 2.00 of this act, the Controller shall allocate up to 50 percent of the appropriation in this item on or before December 31, 2002, and up to the remaining amount of the appropriation in this item on or before July 31, 2003. Expenditure of the amount to be allocated on July 31, 2003, shall be accounted by the Controller as an expenditure of the 2003–04 fiscal year.

9210-105-0001—For local assistance, property tax administration grant program..... 51,500,000  
 Provisions:

1. For allocation by the Controller to the counties, as determined by the Department of Finance, pursuant to Chapter 6 (commencing with Section 95.35) of Division 1 of the Revenue and Taxation Code.

Item	Amount
9210-106-0001—For local assistance, Local Government Financing, law enforcement grants .....	18,500,000
Provisions:	
1. The funds appropriated in this item for allocation by the Controller shall be used for one-time grants to local law enforcement agencies for purchase of high-technology equipment.	
2. The funds shall be allocated to county sheriffs and city police chiefs in accordance with the proportionate share of the state’s total population that resides in each county, city, and county, as determined on the basis of the most recent January population estimate developed by the Department of Finance.	
3. By accepting the funds provided by this item, local entities agree to report in writing to the Department of Finance on or before August 15, 2003. The report shall include, at a minimum, the following: how funds received in the 2002–03 fiscal year were spent, or if funds have not been expended, how funds are proposed to be expended and when; a description of the expenditures and how they will benefit public safety; a summary of the public safety budget for the most recent year available; and the signature of the county sheriff, or designee, city police chief, or designee, or special district administrator, or designee. The report may not exceed five pages in length.	
4. Local entities that receive funds pursuant to this item and that either do not agree to the reporting requirements in Provision 3 or do not report within the specified timeframes, shall return the grant moneys provided in the 2002–03 fiscal year to the Controller within 30 days after the due date of the report. Any returned funds shall revert to the General Fund.	
5. The minimum amount of each law enforcement grant allocated pursuant to this section shall be \$15,000.	
9210-110-0001—For local assistance, Local Government Financing .....	147,000
Provisions:	
1. The funds appropriated in this item are for allocation by the Controller, by October 1, 2002, to counties that do not contain incorporated cities.	

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<p>The allocation to the affected counties shall be made in proportion to the population of those counties as of January 1, 2002.</p>	
9210-295-0001—For local assistance, Local Government Financing, for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the State Controller .....	3,000
Schedule:	
(1) 98.01.048.675-Test Claims and Reimbursement Claims (Ch. 486, Stats. 1975) .....	1,000
(2) 98.01.064.186-Open Meetings Act Notices (Ch. 641, Stats. 1986).....	1,000
(3) 98.01.084.578-Filipino Employee Surveys (Ch. 845, Stats. 1978) .....	0
(4) 98.01.088.981-Lis Pendens (Ch. 889, Stats. 1981).....	0
(5) 98.01.098.084-Proration of Fines and Court Audits (Ch. 980, Stats. 1984).....	0
(6) 98.01.099.991-Rape Victim Counseling Ctr. Notices (Ch. 999, Stats. 1991).....	1,000
(7) 98.01.128.180-Involuntary Lien Notices (Ch. 1281, Stats. 1980)....	0
(8) 98.01.160.984-Domestic Violence Information (Ch. 1609, Stats. 1984).....	0
(9) 98.01.133.487-CPR Pocket Masks (Ch. 1334, Stats. 1987) .....	0
Provisions:	
<p>1. Except as provided in Provision 2 of this item, allocations of funds provided in this item to the appropriate local entities shall be made by the State Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior year claims may be paid from this item. Funds appropriated in this item may be used to provide reimbursement pursuant to Article 5</p>	

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(commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.	
2. If any of the scheduled amounts are insufficient to provide full reimbursement of costs, the State Controller may, upon notifying the Director of Finance in writing, augment those deficient amounts from the unencumbered balance of any other scheduled amounts therein. No order may be issued pursuant to this provision unless written notification of the necessity therefor is provided to the chairperson of the committee in each house which considers appropriations and the Chairperson of the Joint Legislative Budget Committee or his or her designee.	
3. Pursuant to Section 17581 of the Government Code, mandates identified in the appropriation schedule of this item with an appropriation of \$0 and included in the language of this provision are specifically identified by the Legislature for suspension during the 2002–03 fiscal year:	
(3) Filipino Employee Surveys (Ch. 845, Stats. 1978)	
(4) Lis Pendens (Ch. 889, Stats. 1981)	
(5) Proration of Fines and Court Audits (Ch. 980, Stats. 1984)	
(7) Involuntary Lien Notices (Ch. 1281, Stats. 1980)	
(8) Domestic Violence Information (Ch. 1609, Stats. 1984)	
(9) CPR Pocket Masks (Chapter 1334, Stats. 1987)	
9620-001-0001—For Payment of Interest on General Fund loans, upon order of the Director of Finance, for any General Fund loan .....	50,000,000
Provisions:	
1. The Director of Finance, the Controller, and the State Treasurer shall satisfy any need of the General Fund for borrowed funds in a manner consistent with the Legislature’s objective of conducting General Fund borrowing in a manner that best meets the state’s interest. The state fiscal officers may, among other factors, take into consideration the costs of external versus internal borrowings and potential impact on other borrowings of the state.	



Item	Amount
<ul style="list-style-type: none"> <li>2. In the event that interest expenses related to internal borrowing exceed the amount appropriated by this item, there is hereby appropriated any amount necessary to pay the interest. Funds appropriated by this item shall not be expended prior to 30 days after the Department of Finance notifies the Joint Legislative Budget Committee of the amount(s) necessary or not sooner than such lesser time as the Chairperson of the Joint Legislative Budget Committee may determine.</li> </ul>	
<p>9625-001-0001—For Interest Payments to the Federal Government arising from the federal Cash Management Improvement Act of 1990 .....</p>	12,000,000
<p>Provisions:</p> <ul style="list-style-type: none"> <li>1. Expenditures from the funds appropriated by this item shall be made by the Controller, subject to the approval of the Department of Finance, and shall be charged to the fiscal year in which the disbursement is issued.</li> <li>2. In the event that expenditures for interest payments to the federal government arising from the federal Cash Management Improvement Act of 1990 exceed the amount appropriated by this item, the Director of Finance may allocate an additional amount not to exceed \$10,000,000 over the amount appropriated by this item. This allocation shall be made no sooner than 30 days after notification to the Chairperson of the Joint Legislative Budget Committee and the chairperson of the fiscal committees in each house.</li> </ul>	
<p>9625-001-0042—For interest payment to the Federal Government arising from the Cash Management Improvement Act of 1990, payable from the State Highway Account, State Transportation Fund.....</p>	500,000
<p>Provisions:</p> <ul style="list-style-type: none"> <li>1. Provision 1 of Item 9625-001-0001 also applies to this item.</li> <li>2. In the event that expenditures for interest payments to the federal government arising from the Cash Management Improvement Act of 1990 exceed the amount appropriated by this item, the Director of Finance may allocate an additional amount not to exceed \$1,000,000 over the amount appropriated by this item. This allocation shall be made no sooner than 30 days after notification to</li> </ul>	

Item	Amount
the Chairperson of the Joint Legislative Budget Committee and the chairperson of the fiscal committees in each house.	
9625-001-0494—For Interest Payments to the Federal Government arising from the Cash Management Improvement Act of 1990, payable from the appropriate special fund.....	1,000
Provisions:	
1. Provision 1 of Item 9625-001-0001 and Provision 2 of Item 9625-001-0042 also apply to this item.	
9625-001-0988—For interest payments to the Federal Government arising from the Cash Management Improvement Act of 1990, payable from the appropriate nongovernmental cost fund .....	1,000
Provisions:	
1. Provision 1 of Item 9625-001-0001 and Provision 2 of Item 9625-001-0042 also apply to this item.	
9650-001-0001—For support of Health and Dental Benefits for Annuitants. For the state’s contribution for the cost of a health benefits plan and dental care premiums, for annuitants and other employees, in accordance with Sections 22821.2, 22825.7, 22828, 22829, and 22952 of the Government Code, which cost is not chargeable to any other appropriation ....	576,620,000
Schedule:	
(1) Health benefit premiums .....	526,809,000
(2) Dental care premiums .....	49,811,000
Provisions:	
1. The maximum transfer amounts specified in subdivision (c) of Section 26.00 of this act do not apply to this item.	
2. Notwithstanding Section 22819 of the Government Code or any other provision of law, annuitants and their family members who were employed by the California State University, and who become eligible for Part A and Part B of Medicare during the 2002–03 fiscal year, shall not be enrolled in a basic health benefits plan during the 2002–03 fiscal year. If the annuitant or family member is enrolled in Part A and Part B of Medicare, he or she may enroll in a supplement to the Medicare plan. This provision does not apply to employees and family members who are specifically excluded from enrollment in a supplement to the Medicare plan by federal law or regulation.	
3. The maximum monthly contribution for an annuitant’s health benefits plan shall be \$288 for a	

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single enrollee, \$537 for an enrollee and one dependent, and \$665 for an enrollee and two or more dependents.	
9650-495—Reversion, Public Employees’ Retirement System. As of June 30, 2002, the unencumbered balance of the appropriation provided in the following citation shall revert to the balance of the fund from which the appropriation was made:	
0001—General Fund	
(1) Item 9650-001-0001 of Section 2.00 of the Budget Act of 2001 (Ch. 106, Stats. 2001)	
9670-001-0001—For equity claims before the California Victim Compensation and Government Claims Board and for settlements and judgments in cases in which the state is represented by the Department of Justice for the administration and payment of tort liability claims, settlements, compromises and judgments against the state, its officers, servants and employees of state agencies, departments, boards, bureaus or commissions supported from the General Fund, for expenditure by the Department of Justice, subject to approval of the Department of Finance in its discretion.....	0
Provisions:	
1. There is hereby appropriated from each fund, other than the General Fund, an amount sufficient for payment of tort liability claims, settlements, compromises, and judgments against the state, its officers, servants and employees of state agencies, departments, boards, bureaus, or commissions arising from activities supported from that fund. No expenditure from any appropriation from a fund other than the General Fund for payment of tort liability claims, settlements, compromises, and judgments shall be made unless approved by the Department of Finance in its discretion.	
2. Expenditures made under this item shall be charged to the fiscal year in which the warrant is issued by the State Controller.	
3. Payment under this item is limited in amount to claims, settlements, compromises, and judgments which do not exceed \$70,000, exclusive of interest, and no payment from this item exceeding that amount shall be approved by the Department of Finance or made by the Department of Justice.	
4. No payment shall be approved by the Department of Finance or made by the Department of Justice	

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from this item except in full and final satisfaction of the claim, settlement, compromise, or judgment upon which the payment is based.

- 5. Funding for the payment of tort liability claims, settlements, compromises, and judgments which require the approval of the Director of Finance shall first be considered from within the affected agency, department, board, bureau, or commission's existing budgeted resources. Payment pursuant to this item (from funds other than the General Fund) shall be made only after the affected agency, department, board, bureau, or commission has demonstrated to the Department of Finance that insufficient funds are available for payment of all or a portion of the claim.

9670-401—For maintenance of accounting records by the State Controller's office or any other agency maintaining these records, appropriations made in this act for Organization Code 9670 (Equity Claims of California Victim Compensation and Government Claims Board and Settlements and Judgments by Department of Justice) are to be recorded under Organization Code 9671 (Equity Claims of California Victim Compensation and Government Claims Board) and Organization Code 9672 (Settlements and Judgments by Department of Justice).

9800-001-0001—For Augmentation for Employee Compensation..... 184,461,000  
Provisions:

- 1. The amount appropriated in this item shall not be construed to control or influence collective bargaining between the state employer and employee representatives.
- 2. The funds appropriated in this item are for employee compensation increases and increases in benefits related thereto, whose compensation or portion thereof, is chargeable to the General Fund, to be allocated by executive order by the Department of Finance to the several state offices, departments, boards, bureaus, commissions, and other state agencies, in augmentation of their respective appropriations or allocations, in accordance with approved memoranda of understanding or, for employees excluded from collective bargaining in accordance with salary and benefit schedules established by the Department of Personnel Administration.

Item	Amount
9800-001-0494—For Augmentation for Employee Compensation, payable from other unallocated special funds.....	74,072,000
Provisions:	
1. The amount appropriated in this item shall not be construed to control or influence collective bargaining between the state employer and employee representatives.	
2. The funds appropriated in this item are for employee compensation increases and increases in benefits related thereto, whose compensation or portion thereof, is chargeable to special funds, to be allocated by executive order by the Department of Finance to the several state offices, departments, boards, bureaus, commissions, and other state agencies, in augmentation of their respective appropriations or allocations, in accordance with approved memoranda of understanding or, for employees excluded from collective bargaining in accordance with salary and benefit schedules established by the Department of Personnel Administration.	
9800-001-0988—For Augmentation for Employee Compensation, payable from other unallocated nongovernmental cost funds.....	40,573,000
Provisions:	
1. The amount appropriated in this item shall not be construed to control or influence collective bargaining between the state employer and employee representatives.	
2. The funds appropriated in this item are for employee compensation increases and increases in benefits related thereto, whose compensation or portion thereof, is chargeable to nongovernmental cost funds, to be allocated by executive order by the Department of Finance to the several state offices, departments, boards, bureaus, commissions, and other state agencies, in augmentation of their respective appropriations or allocations, in accordance with approved memoranda of understanding or, for employees excluded from collective bargaining in accordance with salary and benefit schedules established by the Department of Personnel Administration.	
9840-001-0001—For Augmentation for Contingencies or Emergencies .....	2,000,000

Item

Amount

## Provisions:

1. The funds appropriated for the augmentation for contingencies or emergencies are to be expended only on written authorization of the Department of Finance for contingencies or emergencies.
2. Contingencies, within the meaning of these funds, are defined as proposed expenditures arising from unexpected conditions or losses for which no appropriation, or insufficient appropriation, has been made by law and which, in the judgment of the Director of Finance, constitute cases of actual necessity. Emergencies, within the meaning of this item, are defined as expenditures incurred in response to conditions of disaster or extreme peril which threaten the health or safety of persons or property within the state.
3. Emergency and contingency expenditure authorizations and deficiency expenditure authorizations shall be limited to purposes which have been specifically approved by the Legislature in Budget Acts or other legislation, except that not more than \$500,000 of each fund may be expended for purposes for which no such specific prior authorizations exist.
4. Authorizations for expenditures or deficiency expenditures arising from a contingency shall become effective no sooner than 30 days after notification in writing to the Joint Legislative Budget Committee, or no sooner than such lesser time as the committee, or its designee, may in each instance determine.
5. For expenditure authorizations or deficiency expenditure authorizations arising from an emergency, the Director of Finance shall file with the Joint Legislative Budget Committee, within 10 days after approval, copies of all executive orders for emergency-related encumbrance or expenditure authorizations, stating the reasons for, and the amount of, all such authorizations, except that any emergency augmentation from this item to any program in excess of 10 percent of the amount authorized for expenditure in the 2002–03 fiscal year for such program shall become effective no sooner than 30 days after notification in writing to the Joint Legislative Budget Committee or no sooner than such lesser time as the committee, or its designee, may in each instance determine, ex-

Item	Amount
cept that no such limit shall apply if the Director of Finance states in writing to the Chairperson of the Joint Legislative Budget Committee the necessity and urgency for the allocation which, in the judgment of the director, makes prior approval impractical.	
6. For purposes for which the Governor previously vetoed funding, allocation of funds or authorization for deficiency expenditures shall not be made under the emergency provisions.	
9840-001-0494—For Augmentation for Contingencies or Emergencies, payable from unallocated special funds.....	1,500,000
Provisions:	
1. Provisions 1, 2, 3, 4, 5, and 6 of Item 9840-001-0001 also apply to this item.	
2. For the Augmentation for Contingencies or Emergencies, payable from special funds, there are appropriated from each special fund sums necessary to meet contingencies or emergencies, to be expended only on written authorization of the Director of Finance. No deficiencies shall be authorized by the Director of Finance in any appropriation of money from special funds made by this act for the 2002–03 fiscal year under the provisions of Section 11006 of the Government Code. Accounts, special accounts, and funds in the General Fund, that are treated as other governmental cost funds for accounting and budgeting purposes in accordance with Section 13303 of the Government Code, shall be considered to be special funds within the meaning of this item.	
9840-001-0988—For Augmentation for Contingencies or Emergencies, payable from unallocated nongovernmental cost funds .....	1,500,000
Provisions:	
1. Provisions 1, 2, 3, 4, 5, and 6 of Item 9840-001-0001 also apply to this item.	
2. For Reserve for Contingencies or Emergencies, payable from nongovernmental cost funds, there is appropriated from each nongovernmental cost fund that is subject to control or limited by this act, sums necessary to meet contingencies or emergencies, to be expended only on written authorization of the Director of Finance. No deficiencies shall be authorized by the Director of Finance in any appropriation of money from	

Item	Amount
nongovernmental cost funds made by this act for the 2002–03 fiscal year under the provisions of Section 11006 of the Government Code.	
9840-011-0001—For Augmentation for Contingencies or Emergencies (Loans) .....	(2,500,000)
Provisions:	
1. This appropriation is for loans that may be made to state agencies which derive their support from the General Fund or from sources other than the General Fund, upon terms and conditions for repayment as may be prescribed by the Department of Finance. Any sum so loaned shall, if ordered by the Department of Finance, be transferred by the State Controller to the fund from which the support of the agency is derived.	
2. No loan shall be made which requires repayment from a future legislative appropriation.	
3. Authorizations for loans shall become effective no sooner than 30 days after notification in writing to the Joint Legislative Budget Committee, or no sooner than a lesser time which the committee, or its designee, may in each instance determine, except that this limit shall not apply if the Director of Finance states in writing to the Chairperson of the Joint Legislative Budget Committee the necessity and urgency for the loan which, in the judgment of the director, makes prior approval impractical.	
4. Within 10 days after approval, the Director of Finance shall file with the Joint Legislative Budget Committee copies of all executive orders for loans stating the reasons for, and the amount of, all of these authorizations.	
9840-490—Reappropriation, Augmentation for Contingencies or Emergencies. As of June 30, 2002, the balances of the appropriations made by Items 9840-001-0001, 9840-001-0494 and 9840-001-0988, Budget Act of 2001, are reappropriated and shall be available until June 30, 2003, and may be expended on written authorization of the Department of Finance issued on or before said date, for contingencies and emergencies, within the meaning of those items, occurring during the 2001–02 fiscal year.	
9860-301-0001—For unallocated capital outlay (10.10.010).....	1,500,000



Item		Amount
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Provisions:

1. The funds appropriated in this item are to be allocated by the Department of Finance to state agencies to develop design and cost information for new projects for which funds have not been appropriated previously, but which are anticipated to be included in the 2003–04 or 2004–05 Governor’s Budget or 2004–05 five-year capital outlay plans. The amount appropriated in this item shall not be construed as a commitment by the Legislature as to the amount of capital outlay funds it will appropriate in any future fiscal year.

9909-017-0001—For allocation by the Department of Finance, in support of federal Health Insurance Portability and Accountability Act (HIPAA) activities for applicant state agencies, departments, boards, commissions, or other entities of state government .....

3,000,000

Provisions:

1. The funding in this item shall be allocated in accordance with the provisions of Section 130312 of the Health and Safety Code.

A department that is required to comply with the Health Insurance Portability and Accountability Act (HIPAA) shall conduct an assessment prior to engaging in remediation activities. Notwithstanding Sections 27.00, 28.00, and 28.50 of this act, or any other provision of law, upon request of the California Health and Human Services Agency, the Department of Finance may augment the amount available for expenditure for items in Section 2.00 of this act, as appropriate, to fund HIPAA remediation activities. An augmentation approved by the Department of Finance shall be made not sooner than 30 days after notification in writing to the Joint Legislative Budget Committee, or not sooner than lesser time that the committee or designee may in each instance determine. The funds appropriated by this provision shall be consistent with the amount approved by the Department of Finance based on its review and approval of relevant funding documents.

9909-017-0890—For allocation by the Department of Finance, in support of federal Health Insurance Portability and Accountability Act (HIPAA) activities for applicant state agencies, departments, boards, commissions, or other entities of state government .....

814,900

Item

Amount

Provisions:

- 1. The funding in this item shall be allocated in accordance with the provisions of Section 130312 of the Health and Safety Code.

A department that is required to comply with the Health Insurance Portability and Accountability Act (HIPAA) shall conduct an assessment prior to engaging in remediation activities. Notwithstanding Sections 27.00, 28.00, and 28.50 of this act, or any other provision of law, upon request of the California Health and Human Services Agency, the Department of Finance may augment the amount available for expenditure for items in Section 2.00 of this act, as appropriate, to fund HIPAA remediation activities. An augmentation approved by the Department of Finance shall be made not sooner than 30 days after notification in writing to the Joint Legislative Budget Committee, or not sooner than lesser time that the committee or designee may in each instance determine. The funds appropriated by this provision shall be consistent with the amount approved by the Department of Finance based on its review and approval of relevant funding documents.

9909-017-0988—For allocation by the Department of Finance, in support of federal Health Insurance Portability and Accountability Act (HIPAA) activities for applicant state agencies, departments, boards, commissions, or other entities of state government .....

448,000

Provisions:

- 1. The funding in this item shall be allocated in accordance with the provisions of Section 130312 of the Health and Safety Code.

A department that is required to comply with the Health Insurance Portability and Accountability Act (HIPAA) shall conduct an assessment prior to engaging in remediation activities. Notwithstanding Sections 27.00, 28.00, and 28.50 of this act, or any other provision of law, upon request of the California Health and Human Services Agency, the Department of Finance may augment the amount available for expenditure for items in Section 2.00 of this act, as appropriate, to fund HIPAA remediation activities. An augmentation approved by the Department of Finance shall be made not sooner than 30 days after notification in writing to the Joint Legislative Budget

Item	Amount
Committee, or not sooner than lesser time that the committee or designee may in each instance determine. The funds appropriated by this provision shall be consistent with the amount approved by the Department of Finance based on its review and approval of relevant funding documents.	

GENERAL SECTIONS  
STATEWIDE

SEC. 3.00. Whenever herein an appropriation is made for support, it shall include salaries and all other proper expenses, including repairs and equipment, incurred in connection with the institution, department, board, bureau, commission, officer, employee, or other agency for which the appropriation is made.

Each item appropriating funds for salaries and wages includes the additional funds necessary to continue the payment of the amount of salaries in effect on June 30, 2002, for the state officers whose salaries are specified by statute.

Whenever herein an appropriation is made for capital outlay, it shall include acquisition of land or other real property, major construction, improvements, equipment, designs, working plans, specifications, repairs, and equipment necessary in connection with a construction or improvement project.

Whenever herein any item of appropriation contains provisions for acquisition of land or other real property, it shall include all necessary expenses in connection with the acquisition of the property.

Whenever herein an appropriation is made in accordance with a schedule set forth after the appropriation, the expenditures from that item for each category, program, or project included in the schedule shall be limited to the amount specified for that category, program, or project, except as otherwise provided in this act. Each schedule is a restriction or limitation upon the expenditure of the respective appropriation made by this act, does not itself appropriate any money, and is not itself an item of appropriation.

As used in this act in reference to the schedules "category", "program", or "project" means a class of expenditure such as, but not limited to:

- (a) "Personal services," which shall include all expenditures for payment of officers and employees of the state, including: salaries and wages, workers' compensation, compensation paid to employees on approved leave of absence on account of sickness, unemployment compensation benefits, insurance premiums for workers' compensation coverage, industrial disability leave and payments, nonindustrial disability benefits and payments, the state's contributions to the Public Employees' Retirement Fund, the Teachers' Retirement Fund, the University of California Retirement Fund to provide for that portion of re-

tiement costs to be provided for Hastings College of the Law in Item 6600-001-0001 of this Budget Act, the Old Age and Survivors' Insurance Revolving Fund, the Public Employees' Contingency Reserve Fund, and the state's cost of health benefits plans; but do not include compensation of independent contractors rendering personal services to the state under contract.

(b) "Operating expenses and equipment," which shall include all expenditures for purchase of materials, supplies, equipment, services (other than services of state officers and employees), departmental services (services provided by other organizational units within a department, including indirect distributed costs), and all other proper expenses.

(c) "Preliminary plans" are defined as a site plan, architectural floor plans, elevations, outline specifications, and a cost estimate. For each utility, site development, conversion and remodeling project, the drawings shall be sufficiently descriptive to accurately convey the location, scope, cost, and the nature of the improvement being proposed.

(d) "Working drawings" are defined as a complete set of plans and specifications showing and describing all phases of a project, architectural, structural, mechanical, electrical, civil engineering, and landscaping systems to the degree necessary for the purposes of accurate bidding by contractors and for the use of artisans in constructing the project. All necessary professional fees and administrative service costs are included in the preparation of these drawings.

(e) "Construction," when used in connection with a capital outlay project, shall include all such related things as fixtures, installed equipment, auxiliary facilities, contingencies, project construction, management, administration and associated costs.

(f) "Minor projects" include planning, working drawings, construction, improvements, and equipment projects not specifically set forth in the schedule.

(g) "Programs" include all expenditures, regardless of category, required to carry out the objectives of the named activity.

For the purpose of further interpreting the meaning of the words, terms and phrases, and uniform codes used in the schedules, reference is hereby made to those documents entitled, "State of California Governor's Budget for 2002-03," submitted by the Governor to the Legislature at the 2002 portion of the 2001-02 Regular Session, the uniform accounting system prescribed by the Department of Finance under the provisions of Section 13300 and following of the Government Code, the Uniform Codes Manual, and the appropriate portions thereof. The Department of Finance shall establish interpretations necessary to carry out the provisions of this section and shall furnish the same to the State Controller and to every state agency to which appropriations are made under this act.

SEC. 3.25. (a) Notwithstanding any other provision of law, the Director of Finance may order a delay of disbursements in the amounts estimated in subdivision (b) to ensure the repayment of Revenue An-

ticipation Warrants issued in June of 2002 at their scheduled maturity dates. Notwithstanding any other provision of law, a disbursement of funds between July 1, 2002, and January 30, 2003, for the appropriations or from the funds set forth in subdivision (b) shall be made by the Controller only upon order of the Director of Finance.

- (b) (1) Item 4260-101-0001—Medi-Cal ..... 187,000,000
- (2) Item 6100-111-0001—Home-to-School  
Transportation ..... 100,000,000
- (3) Item 9210-101-0001—Citizens’ Option for  
Public Safety and Juvenile Justice ..... 232,600,000
- (4) Item 9620-001-0001 of the Budget Act of 2001  
(Ch. 106, Stats. 2001)—Internal Interest  
Costs ..... 20,000,000
- (5) Fund 0929—Housing Rehabilitation Fund ..... 48,000,000
- (6) Fund 0050—Colorado River Management  
Account ..... 24,000,000

SEC. 3.50. Whenever herein an appropriation is made for support or other expenses for an institution, department, board, bureau, commission, officer, employee, or other agency, there shall be charged to the appropriation from which salaries and wages are paid: workers’ compensation, compensation paid to employees on approved leave of absence on account of sickness, unemployment compensation benefits, industrial disability leave and payments, nonindustrial disability benefits and payments, the administrative costs of the Merit Award Program provided by Section 19823 of the Government Code, the state’s contribution to the Public Employees’ Retirement Fund as provided by Sections 20822 and 20824 of the Government Code, the state’s contribution to the Teachers’ Retirement Fund as provided by Sections 22950, 22951, and 23000 of the Education Code, the state’s contribution to the Old Age and Survivors Insurance Revolving Fund as provided by Sections 20862 and 20863 of the Government Code, the state’s contribution to the Old Age and Survivors Insurance Revolving Fund for payment of hospital insurance taxes imposed by the Internal Revenue Code, the state’s contribution to the Public Employees’ Contingency Reserve Fund, the state’s contribution for the cost of health benefits plans as provided by Sections 22825.1, 22828 and 22829 of the Government Code, and the state’s contribution for costs of other employee benefits and the administrative costs associated with the provision of benefits established by any state agency legally authorized to negotiate and set salary and benefit levels.

As of the effective date of this act, the state’s contributions as provided by Sections 22825.1, 22828 and 22829 of the Government Code and for costs of any other employee benefits and the administrative costs associated with the provisions of these benefits established by any state agency legally authorized to negotiate and set salary and benefit levels for any month shall be charged to the same appropriations used for payment of salaries and wages from which the employee premium contributions for such month are deducted.

The appropriations made by Sections 20822, 20824, 20862, 20863, 22825.1, 22828, and 22829 of the Government Code and by Sections 22950, 22951, and 23000 of the Education Code, shall continue to be available for expenditure, and shall be charged for any expenditure that is not chargeable to an appropriation for support or other expenses as provided in this section. This transfer may be chargeable to such appropriation for a previous fiscal year if there are no funds available from that fiscal year.

The Controller may transfer to the State Payroll Revolving Fund the contributions required by Sections 20822, 20824, 20862, 20863, 22825.1, 22828, and 22829 of the Government Code, contributions required for payment of the hospital insurance tax, and upon certification by the Board of Administration of the Public Employees' Retirement System as required by Section 20826 of the Government Code, may transfer from the State Payroll Revolving Fund to the Public Employees' Retirement Fund and the Old Age and Survivors Insurance Revolving Fund the amounts of contributions.

SEC. 3.60. (a) Notwithstanding any other provision of law, the employers' retirement contributions for the 2002–03 fiscal year that are chargeable to an appropriation made in this act, with respect to each state officer and employee who is a member of the Public Employees' Retirement System (PERS) and who is in that employment or office, including university members as provided by Section 20751 of the Government Code, shall be the percentage of salaries and wages by state member category as follows:

Miscellaneous, First Tier .....	7.413%
Miscellaneous, Second Tier.....	2.813%
State Industrial .....	2.858%
State Safety .....	17.055%
Highway Patrol .....	23.076%
Peace Officer/Firefighter .....	13.925%

The Department of Finance may adjust amounts in any appropriation item, or in any category thereof, in this act as a result of changes from amounts budgeted for employer contribution for 2002–03 fiscal year retirement benefits.

(b) Notwithstanding any other provisions of law, the Department of Finance shall require retirement contributions computed pursuant to subdivision (a) to be offset by the Controller with surplus funds in the Public Employees' Retirement Fund, employer surplus asset accounts.

(c) Notwithstanding any other provision of law, for purposes of calculating the "appropriations subject to limitation" as defined in Section 8 of Article XIII B of the California Constitution, the appropriations in this act shall be deemed to be the amounts remaining after the reductions required by subdivisions (a) and (b) are made.

SEC. 3.70. Hiring Freeze Reversion—Notwithstanding any other provision of law, the Director of Finance may revert all or a portion of the unencumbered balance of appropriations made by this act that reflect savings resulting from the Hiring Freeze pursuant to Executive

Order D-48-01. The Controller shall transfer any amounts identified by the Director of Finance for this purpose to the fund from which the appropriation was made. The Director of Finance will provide to the Chairperson of the Joint Legislative Budget Committee, and the chairperson of the committee in each house that considers appropriations, a summary of the amounts reverted.

SEC. 3.80. Notwithstanding any other provision of law, the Department of Finance may adjust amounts in any appropriation item, or in any category thereof, to reduce General Fund, special fund, and nongovernmental cost fund appropriations to reflect decreased departmental life insurance costs. The reduced costs are a result of the premium offset available for employer-paid life insurance as a result of the availability of demutualization proceeds.

SEC. 4.20. (a) Notwithstanding any other provision of law, the employer's contributions to the Public Employees' Contingency Reserve Fund, as required by Section 22826 of the Government Code, shall be 0.2 percent of the gross health insurance premiums paid by the employer and employee for administrative expenses.

(b) Notwithstanding any other provision of law, the Department of Finance may adjust amounts in any appropriation item, or in any category thereof, to reduce General Fund, special fund, and nongovernmental cost fund appropriations to reflect decreased departmental costs as a result of lowering employer's contributions to the Contingency Reserve Fund to 0.2 percent of gross health insurance premiums.

SEC. 4.40. Notwithstanding any other provision of law, the Department of Finance shall augment any special fund item of appropriation in Section 2.00 of this act, as appropriate, to fund the cost of payments to the Department of General Services for services provided by the e-Business Center related to Licensing, e-Jobs, Online Bidding, How to Open a Business in California, Active Forms, Online Filings, or Online Assistance for Customers. An augmentation approved by the Department of Finance shall be made not sooner than 30 days after notification in writing to the Joint Legislative Budget Committee, or not sooner than a lesser time that the committee or its designee may in each instance determine. In order to receive an augmentation under this section, a fund shall have a sufficient reserve balance to cover the amount of the augmentation. In addition, in no case may a fee increase be imposed to support an augmentation pursuant to this section.

SEC. 4.50. (a) Notwithstanding any other provision of law, the Department of Finance may augment an aggregate total of \$33,000,000, during the 2002-03 fiscal year, from any special fund or nongovernmental cost fund item of appropriation in this act, to fund the cost of architectural barrier removal projects in state buildings to provide access for the disabled.

(b) Before the Department of Finance allocates the funds, projects shall be reviewed and approved by the Americans with Disabilities Act Interagency Task Force appointed by the Governor and chaired by the Department of Rehabilitation.



(c) An allocation approved by the Department of Finance may not be made sooner than 30 days after written notification thereof is provided to the Chairperson of the Senate Committee on Budget and Fiscal Review, the Chairperson of the Assembly Committee on Budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee may determine.

SEC. 4.80. In the event bonds authorized for issuance by the State Public Works Board are not sold and interim financing costs have been incurred, departments that have incurred those costs shall commit a sufficient portion of their support appropriations to repay the interim financing costs.

In the event Energy Efficiency Bonds authorized pursuant to Chapter 2.7 (commencing with Section 15814.10) of Part 10b of Division 3 of Title 2 of the Government Code are not sold and interim financing costs have been incurred by participating community college districts and kindergarten through grade 12 districts, the Controller shall withhold from the annual apportionment of the State School Fund a sufficient portion of the participating district's apportionment to repay the interim financing costs. It is the intent of the Legislature that this commitment shall be included in future Budget Acts until outstanding loans are repaid either through the sale of bonds or from an appropriation.

SEC. 5.25. (a) Payment of the attorney fees specified below arising from actions in state courts against the state, its officers, and officers and employees of state agencies, departments, boards, bureaus, or commissions, shall be paid from items of appropriation in this act that support the state operations of the affected agency, department, board, bureau, or commission:

(1) state court actions filed pursuant to Section 1021.5 of the Code of Civil Procedure, the "private attorney general" doctrine, or the "substantial benefit" doctrine, or for

(2) writ of mandate actions filed pursuant to Section 10962 of the Welfare and Institutions Code.

(b) Expenditures pursuant to subdivision (a) shall be made by the State Controller, subject to the approval of the Department of Finance, and shall be charged to the fiscal year in which the disbursement is issued.

(c) No payment shall be made by the State Controller for expenditures pursuant to subdivision (a) except in full and final satisfaction of the claim, settlement, compromise, or judgment for attorney's fees incurred in connection with a single action.

(d) The Director of Finance shall notify the Chairperson of the Joint Legislative Budget Committee, the Chairperson of the Senate Committee on Budget and Fiscal Review, and the Chairperson of the Assembly Budget Committee pursuant to Section 27.00 of this act when there are insufficient funds appropriated in this act in support of the state operations of the affected agency, department, board, bureau, or commission to satisfy the claim completely.



SEC. 5.40. (a) It is the intent of the Legislature that all amounts appropriated by this act to the following departments to implement the CALFED Bay-Delta Program shall be available for expenditure in accordance with the schedule of expenditures for the CALFED Bay-Delta Program, broken down by program element, as set forth in Item 3870 of the Supplemental Report to this act:

- (1) Item 0540—Secretary for Resources
- (2) Item 3480—Department of Conservation
- (3) Item 3540—Department of Forestry and Fire Protection
- (4) Item 3560—State Lands Commission
- (5) Item 3600—Department of Fish and Game
- (6) Item 3640—Wildlife Conservation Board
- (7) Item 3760—State Coastal Conservancy
- (8) Item 3820—San Francisco Bay Conservation and Development Commission
- (9) Item 3860—Department of Water Resources
- (10) Item 3940—State Water Resources Control Board
- (11) Item 8570—Department of Food and Agriculture

(b) The amounts appropriated by this act to implement the CALFED Bay-Delta Program shall be available only for projects, activities, and purposes that are consistent with the CALFED Record of Decision, including the accompanying EIS/EIR previously certified by the state lead agency pursuant to Division 13 (commencing with Section 21000) of the Public Resources Code.

(c) The amounts appropriated from accounts established under Division 24 (commencing with Section 78500) and Division 26 (commencing with Section 79000) of the Water Code shall be limited to the purposes provided for by those provisions.

(d) Notwithstanding Sections 26.00 and 28.50 of this act, the Director of Finance may, pursuant to a request by an affected agency specified in subdivision (a) of this section seeking the transfer and the CALFED Bay-Delta Program within the Department of Water Resources, or pursuant to a joint request of these agencies where more than one agency is affected, authorize a transfer of an amount that exceeds \$200,000 from an amount available for expenditure in one scheduled program element to one or more of the other scheduled elements. Any transfer may be authorized pursuant to this provision not sooner than 30 days after notification in writing of the transfer is provided to the chair of the fiscal committees in each house of the Legislature and the Chair of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chair of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine. The notification to the Legislature shall specify the justification for the transfer.

SEC. 6.00. No more than \$100,000 of the funds appropriated for support purposes under Section 2.00 or any other sections of this act may be encumbered for preliminary plans, working drawings, or construction of any project for the alteration of a state facility unless the

Director of Finance determines that the proposed alteration is critical and that it is necessary to proceed using funds appropriated for support purposes. The maximum cost of any such project shall not exceed \$400,000, and any approved critical project costing more than \$100,000, but not greater than \$400,000, shall be reported to the Chairperson of the Joint Legislative Budget Committee or his or her designee, not less than 30 days prior to requesting bids for the project. The report shall detail those factors that make the project so critical that it must proceed using support funds.

SEC. 8.00. Notwithstanding Section 28.00 of this act, any amounts received from the federal government for the purposes of funding anti-terrorism costs in the state that are in excess of the federal funds currently appropriated in the Budget Act for that purpose, are hereby appropriated and shall be allocated upon order of the Director of Finance to state departments for state or local assistance purposes or directly to local governments to address high priority needs for costs of funding anti-terrorism incurred in 2001–02 fiscal year and ongoing or new costs for 2002–03 fiscal year. Allocations made to state departments may be used to offset expenditures paid or to be paid from other funding sources. Allocations made for the purpose of an offset shall be applied as a negative expenditure to the appropriation where the expenditure has, or will be charged. Allocations pursuant to this section may be authorized not sooner than 30 days after notification, to the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine.

SEC. 8.50. (a) In making appropriations to state agencies that are eligible for federal programs, it is the intent and understanding of the Legislature that applications made by the agencies for federal funds under federal programs shall be for the maximum amount allowable under federal law. Therefore, any amounts received from the federal government are hereby appropriated from federal funds for expenditure or for transfer to, and disbursement from, the State Treasury fund established for the purpose of receiving the federal assistance subject to any provisions of this act that apply to the expenditure of these funds, including Section 28.00 of this act.

(b) However, if federal funds for block grant programs assumed by the state or for any item receiving federal funds are reduced by more than 5 percent of the amount appropriated in this act, the Director of Finance shall notify the chairperson of the committee in each house which considers appropriations, and the Chairperson of the Joint Legislative Budget Committee, in writing within 30 days after notification by the federal government that federal funds have been reduced, and shall include an estimate of the amount of the available or anticipated federal funds, the 2002–03 fiscal year expenditures of each program affected by the reduction, the effect of reduced funding on service levels authorized by this act, and a plan of reduced expenditures for each program

affected by the reduction. The plan shall be operational on an interim basis for up to 45 days pending legislative review, after which time the plan shall become permanent.

SEC. 8.51. Each state agency shall, by certification to the State Controller, identify the account within the Federal Trust Fund when charges are made against any appropriation made herein from the Federal Trust Fund.

SEC. 9.20. Notwithstanding Section 15860 of the Government Code, the amount of funds expended for administrative costs associated with any appropriation contained in this act for acquisition of property pursuant to the Property Acquisition Law shall be limited to the amount specified for those costs in the Supplemental Report of the Budget Act of 2002. Amounts for administrative costs may be augmented by no more than 5 percent by the State Public Works Board. Notwithstanding the foregoing, any amounts needed for administrative costs associated with acquisition through the condemnation authority of the State Public Works Board shall be provided through augmentation of the affected appropriations as authorized by existing law.

SEC. 9.30. In the event that federal courts issue writs of execution for the levy of state funds and such writs are executed, the State Controller shall so notify the Department of Finance. The Department of Finance shall then notify the State Controller of the specific appropriation or fund to be charged. Federal writs of execution for the levy of state funds may only be charged against appropriations or funds having a direct programmatic link to the circumstances under which the federal writ was issued. If the appropriate department or agency no longer exists, or no linkage can be identified, the federal writ shall be charged to the unappropriated surplus of the General Fund. In the event that an appropriation in the act is made deficient by such a charge, funding augmentations must follow the regular budget processes including Section 27.00 of the Budget Act. However, the 30-day notification requirement is waived for payments mandated by federal courts.

SEC. 9.40. Notwithstanding any other provision of law, of the funds appropriated in this act from Proposition 40 approved by the voters in March 2002, not more than 5 percent of the total amount appropriated for all grant programs and property acquisitions may be expended for administrative costs.

SEC. 9.45. (a) The Department of Finance shall provide notification to the Joint Legislative Budget Committee not less than 30 days prior to authorizing a department, agency, or commission to commit funding from Proposition 40, if all of the following criteria apply:

(1) The funds will be used, either directly or through a grant, for the purchase of interests in, or the restoration or rehabilitation of property.

(2) The funds will be used for a grant or project that is not appropriated in statute by name or description.

(3) The total expenditure for the project, including, but not limited to, Proposition 40 funds, is in excess of \$25 million.

(b) The notification shall include a detailed description of the portion of the project being funded and a detailed description of the whole project. For the purposes of this section, the criteria set forth in subdivision (a) shall apply to both single transactions and cumulative transactions that involve the purchase of properties near or adjacent to each other.

SEC. 9.50. For minor capital outlay projects for which, pursuant to Sections 10108 and 10108.5 of the Public Contract Code, the services of the Department of General Services are not required and a state agency or department is authorized to carry out its own project, the amount of the unencumbered balance of the project shall be determined in accordance with Section 14959 of the Government Code. Upon receipt of bids for the project, an estimate of any amount necessary for the completion of the project, including supervision, engineering, and other items, if any, shall be deemed a valid encumbrance and shall be included with any other valid encumbrance in determining the amount of an unencumbered balance.

SEC. 10.00. Notwithstanding any other provision of law, the Department of Finance may adjust amounts in any appropriation item, or in any category thereof, to adjust General Fund, special fund, and non-governmental cost fund appropriations to reflect decreased departmental costs as a result of utility savings from completed energy efficiency or conservation projects. On or before August 15, 2003, the Department of Finance shall provide to the Joint Legislative Budget Committee, a report of all budget adjustments made pursuant to this section.

SEC. 11.00. (a) A state agency to which state funds are appropriated by one or more statutes, including this act, for an information technology project may not enter into one or more contracts, or agree to one or more contract amendments, in the 2002–03 fiscal year that result, in the aggregate, in an increase in the budgeted cost of the project exceeding five hundred thousand dollars (\$500,000), or 10 percent of the budgeted cost of the project, whichever is less, unless the approval of the Department of Finance is first obtained and written notification of that approval is provided by the department to the Chairperson of the Joint Legislative Budget Committee, and the chairperson of the budget committee of each house of the Legislature, not less than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine. Each notification required by this section shall (1) explain the necessity and rationale for the proposed contract or amendment, (2) identify the cost savings, revenue increase, or other fiscal benefit of the proposed contract or amendment, and (3) identify the funding source for the proposed contract or amendment.

(b) Subdivision (a) does not apply to a resulting increase in the budgeted cost of a project that is less than one hundred thousand dollars (\$100,000), or that is funded by an augmentation authorized pursuant to Section 26.00 of this act.

(c) The following definitions apply for the purposes of this section:

(1) "Budgeted cost of a project" means the total cost of the project as identified in the most recent feasibility study report, special project report, or equivalent document submitted to the Legislature in connection with its consideration of a bill that appropriated any state funding for that project.

(2) "State agency" means each agency of the state that is subject to both Chapter 7 (commencing with Section 11700) of Part 1 of, and Article 2 (commencing with Section 13320) of Chapter 3 of Part 3 of, Division 3 of Title 2 of the Government Code.

SEC. 11.10. (a) The Department of Finance shall notify the Legislature prior to a department entering into or amending a statewide software license agreement not previously approved by the Legislature, that obligates state funds in the current year or future years, whether or not the obligation will result in a net expenditure or savings. Departments are required to prepare the appropriate business proposal for submission to the Department of Finance and the Department of Information Technology for review and approval. At a minimum, the business proposal must contain the following elements: installed base analysis, future use (including assumptions for future use), the reason for choosing a statewide license agreement rather than any other procurement method such as a volume purchase agreement, a cost/benefit analysis, a cost allocation methodology, and funding plan. The statewide software license agreement may not be entered into or amended unless the approval of the Department of Finance is first obtained and written notification of that approval is provided by the department to the Chairperson of the Joint Legislative Budget Committee, and the chairperson of the budget committee of each house of the Legislature, not less than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine. Each notification required by this section shall:

(1) Explain the necessity and rationale for the proposed agreement.

(2) Identify the cost savings, revenue increase, or other fiscal benefit of the proposed agreement.

(3) Identify the funding source for the proposed agreement.

(b) For purposes of this section, "statewide software license agreement" means a software license contract that can be used by multiple state agencies subject to both Chapter 7 (commencing with Section 11700) of Part 1, and Article 2 (commencing with Section 13320) of Chapter 3 of Part 3 of, Division 3 of Title 2 of the Government Code.

(c) Subdivision (a) does not apply if the amount of the proposed contract or amendment is less than \$1,000,000 in the aggregate.

SEC. 11.11. In order to protect the privacy of state employees and ensure the security of the payment of public funds, all departments, boards, offices, and other agencies and entities of the state shall distribute pay warrants and direct deposit advices to employees in a manner that ensures that personal and confidential information contained

on the warrants and direct deposit advices is protected from unauthorized access. The Department of Personnel Administration shall advise all departments, boards, offices, and other agencies and entities of state government of the requirements contained in this section.

SEC. 11.50. Notwithstanding any other provision of law, the sum of five million dollars (\$5,000,000) that would have been deposited in the Resources Trust Fund, pursuant to subdivision (c) of Section 6217 of the Public Resources Code, shall be deposited in the Natural Resources Infrastructure Fund to retire obligations incurred prior to June 30, 2002. The balance of the revenues that would have been deposited in the Resources Trust Fund shall be deposited in the General Fund for the 2002–03 fiscal year.

SEC. 11.52. Notwithstanding any other provision of law, the State Controller shall transfer to the General Fund the unencumbered balance, as of June 30, 2002, from the Energy and Resources Fund.

SEC. 11.80. Notwithstanding Section 17613 of the Government Code and the provisional budget act language that allows the State Controller to shift funding between mandated programs within a budget item, the unexpended balance of the following appropriations related to reimbursable state-mandated local programs, excluding funds that were deemed to be General Fund revenues appropriated for school districts as defined in subdivision (c) or (d) of Section 41202 of the Education Code, for the stated fiscal years, and included in the “total allocation 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 of the Education Code, shall revert to the General Fund as of June 30, 2002:

- (a) Budget Act of 2001 (Ch. 106, Stats. 2001).
- (b) Budget Act of 2000 (Ch. 52, Stats. 2000).
- (c) Budget Act of 1999 (Ch. 50, Stats. 1999).
- (d) Local Government Claims Bill (Ch. 734, Stats. 2001).
- (e) Local Government Claims Bill (Ch. 177, Stats. 2000).
- (f) Local Government Claims Bill (Ch. 574, Stats. 1999).
- (g) Local Government Claims Bill (Ch. 780, Stats. 1998).
- (h) Local Government Claims Bill (Ch. 306, Stats. 1997).

SEC. 12.00. For the purposes of Article XIII B of the California Constitution, there is hereby established a state “appropriations limit” of fifty-nine billion five hundred ninety-one million dollars (\$59,591,000,000) for the 2002–03 fiscal year.

Any judicial action or proceeding to attack, review, set aside, void, or annul the “appropriations limit” for the 2002–03 fiscal year shall be commenced within 45 days of the effective date of this act.

SEC. 12.10. There is hereby appropriated from the General Fund the sum of forty-eight million dollars (\$48,000,000) to satisfy the state’s 2002–03 obligation pursuant to the Settlement Agreement in the case of *Craig Brown v. U.S. Department of Health and Human Services, et al.* (Ninth Circuit Appeal No. 99-16992).



SEC. 12.30. There is hereby appropriated from the General Fund for transfer to the Special Fund for Economic Uncertainties by the Controller, upon order of the Director of Finance, an amount necessary to bring the balance of this special fund up to the amount stated in the 2002–03 Final Change Book for the 2002–03 fiscal year ending balance in the Special Fund for Economic Uncertainties. The amount so transferred shall be reduced by the amount of excess revenues subject to Section 2 of Article XIII B of the California Constitution, as determined by the Director of Finance.

SEC. 12.32. (a) It is the intent of the Legislature that appropriations that are subject to Section 8 of Article XVI of the California Constitution be designated with the wording “Proposition 98.” In the event these appropriations are not so designated, they may be designated as such by the Department of Finance, where that designation is consistent with legislative intent, within 30 days after notification in writing of the proposed designation to the chairperson of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or within a lesser time that the chairperson of the joint committee, or his or her designee, determines.

(b) Pursuant to the Proposition 98 funding requirements established in Chapter 2 (commencing with Section 41200) of Part 24 of the Education Code, the total appropriations for Proposition 98 for the 2002–03 fiscal year are \$32,202,626,000 or 45.4 percent of total General Fund revenues and transfers subject to the state appropriations limit. General Fund revenues appropriated for school districts are \$29,289,431,000 or 41.3 percent of total General Fund revenues and transfers subject to the state appropriations limit. General Fund revenues appropriated for community college districts are \$2,824,741,000 or 4.0 percent of total General Fund revenues and transfers subject to the state appropriations limit. General Fund revenues appropriated for other state agencies that provide direct elementary and secondary level education, as defined in Section 41302.5 of the Education Code, are \$88,454,000 or 0.1 percent of total General Fund revenues and transfers subject to the state appropriations limit.

SEC. 12.40. (a) Notwithstanding any other provision of law, not more than 20 percent of the amount apportioned to any school district, county office of education, or other educational agency under the programs funded in this act that were funded in Item 6110-230-0001 of Section 2.00 of SB 160 of the 1999–00 Regular Session, as introduced on January 8, 1999, may be expended by that recipient for the purposes of any other program for which the recipient is eligible for funding under those items, except that the total amount of funding allocated to the recipient under this item that is expended by the recipient for the purposes of any of those programs shall not exceed 125 percent of the amount of state funding allocated pursuant to the appropriations to that recipient for those programs in this act for the 2002–03 fiscal year. Notwithstanding any other provision of law, for the 2002–03 fiscal year,

local education agencies may also use this authority to provide the funds necessary to initiate a conflict resolution program pursuant to Chapter 2.5 (commencing with Section 32260) of Part 19 of the Education Code, and to continue to support following the three-to-five year state grant period, or to expand, a Healthy Start program pursuant to Chapter 5 (commencing with Section 8800) of Part 6 of the Education Code.

(b) The education programs that are eligible for the flexibility provided in subdivision (a) include the following items: Items 6110-108-0001, 6110-111-0001, 6110-116-0001, 6110-119-0001, 6110-120-0001, 6110-122-0001, 6110-124-0001, 6110-126-0001, 6110-127-0001, 6110-128-0001, 6110-131-0001, 6110-132-0001, 6110-146-0001, 6110-151-0001, 6110-163-0001, 6110-167-0001, 6110-180-0001, 6110-181-0001, 6110-193-0001, 6110-197-0001, 6110-203-0001, 6110-224-0001, and 6110-209-0001 of this act.

(c) As a condition of receiving the funds provided for the programs identified in subdivision (b), local education agencies shall report to the State Department of Education by October 15, 2003, on any amounts shifted between these programs pursuant to the flexibility provided in subdivision (a). The Department of Education shall collect and provide this information to the Joint Legislative Budget Committee, chairs and vice chairs of the fiscal committees for education of the Legislature and the Department of Finance, by February 1, 2004.

SEC. 12.50. Notwithstanding any other provision of law, the Controller, upon order of the Director of Finance, shall transfer funds to Item 6110-211-0001 of this act from any of the Budget Act items for categorical programs identified in the Charter School Funding Model established pursuant to Chapter 78, Statutes of 1999. The transfers shall be based on the average daily attendance (ADA) calculations made by the Superintendent of Public Instruction, as specified in the Charter School Funding Model, and reported to the Director of Finance by October 1, 2003.

SEC. 12.60. It is the intent of the Legislature that education programs with voluntary participation be funded at statutorily authorized levels. Notwithstanding any other provision of law, the Controller, upon approval of the Director of Finance, shall transfer unobligated funds between any of the following voluntary participation programs to the extent needed to fully fund eligible participation. First priority for allocation of savings shall be given to the CalSAFE program, Item 6110-198-0001. The Department of Finance shall notify the Joint Legislative Budget Committee of any transfers made under this control section. The items between which the Controller may transfer funds pursuant to this section are the following: Items 6110-104-0001, 6110-112-0001, 6110-121-0001, 6110-125-0001, 6110-158-0001, 6110-184-0001, 6110-191-0001, 6110-193-0001, 6110-195, 0001, 6110-198-0001, 6110-204-0001, 6110-205-0001, 6110-232-0001, and 6110-234-0001.



SEC. 13.00. (a) Notwithstanding any other provision of law, expenditures under Item 0160-001-0001 of Section 2.00 of this act or any appropriation in augmentation of that item shall be exempt from Chapter 7 (commencing with Section 11700) of Part 1 of, and Article 2 (commencing with Section 13320) of Chapter 3 of Part 3 of, Division 3 of Title 2 of the Government Code, Division 2 (commencing with Section 1100) of the Public Contract Code, and subdivision (a) of Section 713 of Title 2 of the California Code of Regulations, and may be expended as set forth in the Governor's Budget, or for other purposes, including expenditures for the number of positions in various classifications authorized by the Joint Rules Committee.

(b) Notwithstanding any other provision of law, the unencumbered balances as of June 30, 2002, of the appropriations made by Items 0160-001-0001 and 8840-001-0001 of the Budget Act of 2001 are re-appropriated and shall be available for encumbrance until June 30, 2003, for the same programs and purposes for which appropriations for these items have been made by this act.

(c) Notwithstanding any other provision of law, all money that is received as payment for the sale of services or personal property by the agency that has not been taken into consideration in the schedule of Item 0160-001-0001 or is in excess of the amount so taken into consideration is to be credited to that item and is hereby appropriated in augmentation of that item for the same programs and purposes for which appropriations for that item have been made by this act.

(d) Notwithstanding any other provision of law, the Legislative Counsel Bureau may convert or reclassify positions in the bureau, as deemed appropriate by the Legislative Counsel, for inclusion, or redesignation, in the career executive assignment band, to the extent that the total number of positions in the career executive band in the bureau does not exceed 3 percent of the positions in the bureau. Any position that is converted or reclassified shall not be subject to review or approval by the Department of Personnel Administration or State Personnel Board.

SEC. 14.00. (a) Notwithstanding any other provision of law, if the Director of the Department of Consumer Affairs determines in writing that there is insufficient cash in a special fund under the authority of a board, commission, or bureau of the department to make one or more payments currently due and payable, the director may order the transfer of moneys to that special fund, in the amount necessary to make the payment or payments, as a loan from a special fund under the authority of another board, commission, or bureau of the department. That loan shall be subject to all of the following conditions:

(1) No loan from a special fund shall be made that would interfere with the carrying out of the object for which the special fund was created.

(2) The loan shall be repaid as soon as there is sufficient money in the recipient fund to repay the amount loaned, but no later than a date 18 months after the date of the loan. Interest on the loan shall be paid

from the recipient fund at the rate accruing during the loan period to moneys in the Pooled Money Investment Account.

(3) The amount loaned shall not exceed the amount that the appropriate board, commission, or bureau is statutorily authorized at the time of the loan to expend during the 2002–03 fiscal year from the recipient fund.

(4) The terms and conditions of the loan are approved, prior to the transfer of funds, by the Department of Finance pursuant to appropriate fiscal standards.

(b) (1) Notwithstanding any other provision of law, the Department of Consumer Affairs, during the 2002–03 fiscal year, may order the release of moneys from the clearing account in the Consumer Affairs Fund in an amount exceeding the amount advanced to the clearing account from a special fund within the department, as a loan to make one or more payments on behalf of that special fund that are currently due and payable. To the extent that the amount of moneys currently in the clearing account is insufficient to make the payment or payments on behalf of that special fund, the department may transfer additional moneys to the clearing account from any other special fund under the authority of a board, commission, or bureau of the department to include in the loan. A loan made to a special fund under this subdivision shall be subject to all of the following conditions:

(A) The loan shall not be made if it would reduce the amount advanced to the clearing account from another special fund, or the amount contained in that special fund, as applicable, to an extent that would interfere with the carrying out of the object for which that special fund was created.

(B) The loan shall be repaid as soon as there is sufficient money in the recipient fund to repay the amount loaned, but no later than a date 60 days after the date of the loan.

(C) The amount loaned shall not exceed the amount that the appropriate board, commission, or bureau is statutorily authorized at the time of the loan to expend during the 2002–03 fiscal year from the recipient fund.

(2) For purposes of this subdivision, the “clearing account” in the Consumer Affairs Fund is the account established in that fund, consisting of moneys advanced from the various special funds within the department, from which the Department of Consumer Affairs pays operating and other expenses of each special fund in an amount ordinarily not exceeding the amount advanced from that special fund.

(c) The Director of the Department of Consumer Affairs shall provide a report by March 1, 2003, on all loans initiated or repayments made pursuant to subdivision (a) or (b) within the preceding 12-month period to the chairperson of the budget committee, and the chairperson of the appropriate legislative oversight committee, of each house of the Legislature.

(d) At least 10 days prior to initiating a loan to be made pursuant to subdivision (a) or (b), the Director of the Department of Consumer Af-

fairs shall provide written notification to the Joint Legislative Budget Committee if either (1) any loan from any one fund exceeds \$200,000 or (2) the aggregate amount of loans from any one fund exceeds \$200,000.

SEC. 17.00. The Budget Act of 2002 includes \$79,165,000 for applicant state agencies, departments, boards, commissions, or other entities of state government in support of federal Health Insurance Portability and Accountability Act (HIPAA) activities. These funds are allocated to the following entities: \$66,122,000 for the Department of Health Services; \$3,519,000 for the California Health and Human Services Agency; \$2,615,000 for the Department of Developmental Services; \$2,422,000 for the Department of Mental Health; \$1,921,000 for the Department of Alcohol and Drug Programs; \$688,000 for the Department of Corrections; \$500,000 for the Department of Social Services; \$497,000 for the Department of the Youth Authority; \$225,000 for the Department of Personnel Administration; \$223,000 for the Public Employees' Retirement System; \$200,000 for the Department of Aging; \$134,000 for the Department of Veterans Affairs; and \$99,000 for the Office of Statewide Health Planning and Development.

SEC. 24.00. For the 2002–03 fiscal year, the donations and oil and mineral revenues from federal lands that are deposited in the State School Fund shall be divided between Section A and Section B of the State School Fund, with 85 percent of these revenues to be credited to Section A of the fund exclusively for regular apportionments for school districts serving pupils in kindergarten or any of grades 1 to 12, inclusive, and 15 percent to Section B of the fund exclusively for community college district regular apportionments. The amounts accruing to the State School Fund under this section shall be disbursed fully before any General Fund transfers to Section A or Section B of the State School Fund are disbursed for regular apportionments.

SEC. 24.03. Notwithstanding any other provision of law, funds appropriated by Section 2.00, Section 8.50, Section 28.00, Section 28.50, or any other provision of this act may not be expended for the support of any program, network, or material, with the exception of instruction to pupils who are identified as deaf or hearing impaired pursuant to 34 C.F.R. 300.7(b) paragraphs (3) and (4), that promotes or uses reading instruction methodologies that emphasize contextual clues in lieu of fluent decoding.

SEC. 24.10. (a) Notwithstanding Section 1464 of the Penal Code or Section 41304 of the Education Code, the first one million one hundred six thousand dollars (\$1,106,000) received by the Driver Training Penalty Assessment Fund for the 2001–02 fiscal year shall be available for the purposes of Item 6110-001-0178 of Section 2.00 of this act. The amount retained by the Driver Training Penalty Assessment Fund for the purposes of Item 6110-001-0178 may be adjusted by the Department of Finance for actions pursuant to any control section of this act.

(b) After moneys are retained by the Driver Training Penalty Assessment Fund pursuant to subdivision (a), the Controller shall transfer

any remaining balances as follows: \$18,706,000 to the Peace Officers' Training Fund and \$6,915,000 to the Corrections Training Fund. Any remaining unallocated moneys in the Driver Training Penalty Assessment Fund shall be transferred to the General Fund.

SEC. 24.30. Notwithstanding any other provision of law, the Controller, upon order of the Director of Finance, shall transfer rental income received in the 2002–03 fiscal year pursuant to Section 17089 of the Education Code from the State School Building Aid Fund to the General Fund.

SEC. 24.60. (a) From the funds appropriated in Items 4300-003-0814, 4440-011-0814, 5460-001-0831, 6110-006-0814, 6110-101-0814, 6440-001-0814, 6600-001-0814, and 6870-101-0814 of this act, the State Department of Developmental Services, the State Department of Mental Health, the Department of the Youth Authority, the State Special Schools, the Regents of the University of California, the Board of Directors of Hastings College of the Law, the Board of Trustees of the California State University, and community college districts through the Chancellor of the California Community Colleges shall report to the Governor and the Legislature no later than January 15, 2004, the amount of lottery funds that each entity received and the purposes for which those funds were expended in the 2002–03 fiscal year, including administrative costs, and proposed expenditures and purposes for expenditure for the 2003–04 fiscal year. If applicable, the amount of lottery funds received on the basis of adult education average daily attendance (ADA) and the amount of lottery funds expended for adult education also shall be reported.

(b) The State Department of Education shall conduct a survey of a representative sample of 100 local education agencies to determine the patterns of use of lottery funds in those agencies. The sample shall be drawn to include all local education agencies having more than 200,000 ADA and representative local education agencies randomly selected by size, range, type, and geographical dispersion. On or before May 15, 2003, the State Department of Education shall report to the Legislature and the Governor the results of the survey for the 2001–02 fiscal year.

SEC. 24.70. From the funds appropriated to the State Department of Education for local assistance, the department shall ensure that the expenditure of funds allocated to a local education agency (LEA), through a contract between the department and the LEA or through a grant from the department to the LEA, shall be subject to the LEA's fiscal accountability policies and procedures. If it is necessary for the LEA to establish a separate entity to complete the work scope of the contract or grant, the fiscal accountability policies and procedures for that entity shall be the same as those of the LEA, or amended only with the approval of both the superintendent of schools of the LEA and a fiscal representative of the department designated by the Superintendent of Public Instruction. Further, the department shall have the authority to provide for an audit of the expenditures under the contract or grant between the department and the LEA to verify conformance with

appropriate fiscal accountability policies and procedures. The cost of the audit, if required, shall be charged to the audited contract or grant.

SEC. 26.00. (a) It is the intent of the Legislature, in enacting this section, to provide flexibility for the administrative approval of intra-schedule transfers within individual items of appropriation in those instances where the transfers are necessary for the efficient and cost effective implementation of the programs, projects, and functions funded by this act. No transfer shall be authorized under this section to either eliminate any program, project, or function, except when implementation is found to be no longer feasible in light of changing circumstances or new information, or establish any new program, project, or function.

(b) The Director of Finance may, pursuant to a request by the officer, department, division, bureau, board, commission, or other agency to which an appropriation is made by this act, authorize the augmentation of the amount available for expenditure in any schedule set forth for that appropriation, by making a transfer from any of the other designated programs, projects, or functions within the same schedule. No intraschedule transfer may be made under this section to fund any capital outlay purpose, regardless of whether budgeted in a capital outlay or a local assistance appropriation. Upon the conclusion of the 2002–03 fiscal year, the Director of Finance shall furnish the chairpersons of the committees in each house of the Legislature that consider appropriations and the budget, and the Chairperson of the Joint Legislative Budget Committee, with a report on all authorizations given pursuant to this section during that fiscal year.

(c) Intraschedule transfers of the amounts available for expenditure for a program, project, or function designated in any line of any schedule set forth for that appropriation by transfer from any of the other designated programs, projects, or functions within the same schedule shall not exceed, during any fiscal year:

(1) 20 percent of the amount so scheduled on that line for those appropriations made by this act that are \$2,000,000 or less.

(2) \$400,000 of the amount so scheduled on that line for those appropriations made by this act that are more than \$2,000,000 but equal to or less than \$4,000,000.

(3) 10 percent of the amount so scheduled on that line for those appropriations made by this act that are more than \$4,000,000.

(4) The Department of Transportation Highway Program shall be limited to a schedule change of 10 percent.

(d) Any transfer in excess of \$200,000 may be authorized pursuant to this section not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairperson of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine.

(e) Any transfer in excess of the limitations provided in subdivision (c) may be authorized not sooner than 30 days after notification in writing of the necessity to exceed the limitations is provided to the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee or his or her designee, may in each instance determine.

SEC. 27.00. (a) Approval by the Department of Finance of the creation of deficiencies pursuant to Section 11006 of the Government Code or approval to expend at rates that, in the opinion of the Director of Finance, will require a deficiency appropriation may be granted only in cases of actual necessity. It is the intent of the Legislature that authorization for deficiency spending under this section should be limited to cases of unanticipated expenses incurred in the operation of existing programs, where it is necessary to incur those expenses during the 2002–03 fiscal year. No deficiency authorization may be made under this section for any expenditure for capital outlay.

(b) The Director of Finance may not approve any deficiency authorization unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations not later than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine, except for an approval for an emergency expenditure. “Emergency expenditure,” for this purpose, means an expenditure incurred in response to conditions of disaster or extreme peril that threaten the health or safety of persons or property within the state. This notification requirement is not applicable to caseload increases in Medi-Cal, California Work Opportunity and Responsibility to Kids (CalWORKs), and Supplemental Security Income/State Supplementary Program (SSI/SSP). All notifications shall include: (1) the date a deficiency request was received by the Department of Finance, (2) the reason for the proposed deficiency, (3) the approved amount, and (4) the basis of the department’s determination that the expenditure for which the deficiency authorization is approved is required by a case of actual necessity.

(c) Approval for any emergency expenditure shall be made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations not later than 10 days after the effective date of the approval. All notices shall state the reason for and the amount of the deficiency, together with the director’s determination that the expenditure for which the deficiency authorization is approved satisfies the criteria for emergency expenditures set forth in this section, and the basis for that determination.

(d) Each notification of deficiency or emergency expenditure shall include a determination by the Director of Finance as to whether the ex-



penditure was considered in a legislative budget committee and formal action was taken to not approve the expenditure within the previous fiscal year.

(e) The Department of Finance shall provide copies of all requests from agencies to spend at rates that will result in a deficiency appropriation, in an aggregate amount for the 2002–03 fiscal year that exceeds five hundred thousand dollars (\$500,000), to the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations. The department shall submit these copies within 15 working days of receipt. The transmittal of this information to the Legislature shall not be construed by the requesting agency as approval of the deficiency request.

(f) The Department of Finance shall provide deficiency bill updates to the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations if requested by the Legislature or as deemed necessary by the Department of Finance.

SEC. 28.00. (a) It is the intent of the Legislature in enacting this section to provide flexibility for administrative approval of augmentations for the expenditure of unanticipated federal funds or other non-state funds in cases that meet the criteria set forth in this section. However, this section is not intended to provide an alternative budget process, and proposals for additional spending ordinarily should be considered in the annual State Budget or other state legislation.

(b) The Director of Finance may authorize the augmentation of the amount available for expenditure for any program, project, or function in the schedule set forth for any appropriation in this act or any additional program, project, or function in the amount of any additional, unanticipated funds that he or she estimates will be received by the state during the 2002–03 fiscal year from any agency of local government or the federal government, or from any other nonstate source, provided that the additional funding meets all of the following requirements:

(1) The funds will be expended for a purpose that is consistent with state law.

(2) The funds are made available to the state under conditions permitting their use only for a specified purpose, and the additional expenditure proposed under this section would apply to that specified funding purpose.

(3) Acceptance of the additional funding does not impose on the state any requirement to commit or expend new state funds for any program or purpose.

(4) The need exists to expend the additional funding during the 2002–03 fiscal year.

(c) The Director of Finance also may reduce any program, project, or function whenever he or she determines that funds to be received will be less than the amount taken into consideration in the schedule.

(d) Any augmentation or reduction that exceeds either (1) two hundred thousand dollars (\$200,000) or (2) 10 percent of the amount avail-

able for expenditure in the affected program, project, or function may be authorized not sooner than 30 days after notification in writing of the necessity therefor to the chairperson of the committee in each house of the Legislature that considers appropriations, the chairpersons of the committees, and the appropriate subcommittees, in each house that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine. With regard to any proposed augmentation, the notification shall state the basis for the determination by the Director of Finance that the augmentation meets each of the requirements set forth in subdivision (b). This notification requirement does not apply to federal funds related to caseload increases in Medical, California Work Opportunity and Responsibility to Kids (CALWORKs), and Supplemental Security Income/State Supplementary Program (SSI/SSP).

(e) Any personnel action that is dependent on funds subject to this section shall not be effective until after the provisions of this section have been complied with. Any authorization made pursuant to this section shall remain in effect for the period the director may determine in each instance, but in no event after June 30, 2003.

SEC. 28.50. (a) Except as otherwise provided by law, an officer, department, division, bureau, or other agency of the state may expend for the 2002–03 fiscal year all money received as reimbursement from another officer, department, division, bureau, or other agency of the state that has not been taken into consideration by this act or any other statute, upon the prior written approval of the Director of Finance. The Department of Finance may also reduce any reimbursement amount and related program, project, or function amount if funds received from another officer, department, division, bureau, or other agency of the state will be less than the amount taken into consideration in the schedule.

(b) For any expenditure of reimbursements or any transfer for the 2002–03 fiscal year that exceeds two hundred thousand dollars (\$200,000), the Director of Finance shall provide notification in writing of any approval granted under this section, not less than 30 days prior to the effective date of that approval, to the chairperson of the committee in each house of the Legislature that considers appropriations, the chairpersons of the committees and the appropriate subcommittees in each house of the Legislature that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine. Increases to reimbursements are not reportable under this section if the funding for the other officer, department, division, bureau, or other agency of the state providing the reimbursement has already been approved by the Legislature. These adjustments are considered technical in nature and are authorized in Section 1.50 of this act.



SEC. 29.00. The Department of Finance shall calculate and publish a listing of total personnel-years and estimated salary savings for each department and agency. These listings shall be published by the Department of Finance at the same time as the publication of (a) the Governor's Budget, (b) the May Revision and (c) the Final Change Book.

(a) The listing provided at the time of the publication of the Governor's Budget shall contain estimates of personnel-years for the prior year, current year, and budget year.

(b) The listing provided at the time of publication of the May Revision shall contain estimates of personnel-years proposed for the budget year.

(c) The listing provided at the time of the publication of the Final Change Book shall contain estimates of personnel-years for the budget year just enacted.

SEC. 30.00. Section 13340 of the Government Code is amended to read:

13340. (a) Except as provided in subdivision (b), on and after July 1, 2003, no moneys in any fund that, by any statute other than a Budget Act, is continuously appropriated without regard to fiscal years, may be encumbered unless the Legislature, by statute, specifies that the moneys in the fund are appropriated for encumbrance.

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

(1) The scheduled disbursement of any local sales and use tax proceeds to an entity of local government pursuant to Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code.

(2) The scheduled disbursement of any transactions and use tax proceeds to an entity of local government pursuant to Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code.

(3) The scheduled disbursement of any funds by a state or local agency or department that issues bonds and administers related programs for which funds are continuously appropriated as of June 30, 2003.

(4) Moneys that are deposited in proprietary or fiduciary funds of the California State University and that are continuously appropriated without regard to fiscal years.

(5) The scheduled disbursement of any motor vehicle license fee revenues, including the General Fund appropriations made pursuant to Sections 11000 and 11000.1 of the Revenue and Taxation Code, to an entity of local government pursuant to the Vehicle License Fee Law (Part 5 (commencing with Section 10701) of Division 2 of the Revenue and Taxation Code).

SEC. 31.00. (a) The appropriations made by this act shall be subject, unless otherwise provided by law, to Section 13320 of, and Article 2.5 (commencing with Section 13332) of Chapter 3 of Part 3 of Division 3 of Title 2 of, the Government Code, requiring expenditures

to be made in accordance with the allotments and other provisions of fiscal year budgets approved by the Department of Finance.

(b) The fiscal year budgets shall authorize, in the manner that the Department of Finance shall prescribe, all established positions whose continuance for the year is approved and all new positions. No new position shall be established unless authorized by the Department of Finance on the basis of work program and organization.

(c) The Director of Finance, or his or her authorized designee, shall notify the Chairperson of the Joint Legislative Budget Committee within 30 days of authorizing any position not authorized for that fiscal year by the Legislature or any reclassification to a position with a minimum step per month of six thousand thirty-two dollars (\$6,032) as of July 1, 2002. He or she also shall report all transfers to blanket authorizations and the establishment of any permanent positions out of a blanket authorization.

(d) All positions administratively established pursuant to this section during the 2002–03 fiscal year shall terminate on June 30, 2003, except for those positions that have been (a) included in the Governor's Budget for the 2003–04 fiscal year as proposed new positions, or (b) approved by the Department of Finance and reported to the Legislature after the 2003–04 Governor's Budget submission to the Legislature. The positions identified in (a) and (b) above may be reestablished by the Department of Finance during the 2003–04 fiscal year, provided these positions are shown in the Governor's Budget for the 2004–05 fiscal year as submitted to the Legislature, or in subsequent Department of Finance letters to the Legislature, and provided that these positions do not result in the establishment of positions deleted by the Legislature through the budget process for the 2003–04 fiscal year.

(e) No money in any 2002–03 fiscal year appropriation not appropriated for that purpose may be expended for increases in salary ranges or any other employee compensation action unless the Department of Finance certifies to the salary and other compensation-setting authority, prior to the adoption of the action, that funds are available to pay the increased salary or employee compensation resulting from the action. Prior to certification, the Department of Finance shall determine whether the increase in salary range or employee compensation action will require supplemental funding in the 2003–04 fiscal year. If the Department of Finance determines that supplemental funding will be required, no certification shall be issued unless notification in writing is given by the Department of Finance, at least 30 days before certification is made, to the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or a lesser time which the chairperson of the joint committee, or his or her designee, determines.

(f) A certification on a payroll claim that expenditures therein are in accordance with current budgetary provisions as approved by the Department of Finance shall be sufficient evidence to the Controller that these expenditures comply with the provisions of this section.

SEC. 31.50. (a) This act reflects elimination of vacant positions in various departments in state government. For each department that has unspecified vacant positions to be abolished, the following documents must be submitted to the Department of Finance no later than September 1, 2002:

(1) A list of the actual positions to be abolished.

(2) The Change in Established Positions, Form 607, documents necessary to eliminate the positions from the State Controller's payroll roster.

(b) The Department of Finance shall forward the Form 607 documents required pursuant to paragraph (2) of subdivision (a) to the State Controller after review and approval.

(c) It is the intent of the Legislature that vacant positions that already have been eliminated or redirected to other activities through amendments to the Budget Bill adopted pursuant to the May Revision of the Governor's Budget for 2002–03 shall be counted toward the number of unspecified vacant positions to be eliminated.

SEC. 31.60. Notwithstanding any other provision of law, the Director of Finance shall abolish at least 6,000 permanent vacant positions from departments including all boards, commissions, departments, agencies, or other employment authorities of the state, as determined by the Director of Finance. The Director shall select the positions to be eliminated from all the positions that were vacant on June 30, 2002. The Director of Finance shall allocate the necessary reductions required by this section based on detailed plans submitted by the agency secretaries, and if there is no agency secretary, by the appropriate authority. A position that is abolished by the State Controller pursuant to Section 12439 of the Government Code may also be included in the positions to be abolished pursuant to this section and may be counted by the Director of Finance toward the position reduction required by this section.

The Director of Finance shall not abolish positions pursuant to this section authorized for the University of California, the California State University, the Legislature, the Legislative Counsel Bureau, the Bureau of State Audits, the Judiciary, or the State Compensation Insurance Fund, Public Employees' Retirement System, State Teachers' Retirement System, and the California State Lottery System, but these departments are encouraged to consolidate activities and implement efficiencies in order to eliminate positions. The Director of Finance shall not abolish any positions pursuant to this section if the positions are directly involved in public safety or providing 24-hour care.

On or before July 17, 2002, the State Controller shall provide to each department a listing of all positions in that department that were vacant on June 30, 2002. The State Controller shall also provide the Department of Finance a copy of each listing of vacant positions. On or before August 1, 2002, each agency secretary, or other appropriate authority if there is no agency secretary, shall submit to the Director of Finance a list of vacant positions from which the Director of Finance shall select

positions to be abolished pursuant to this section. The list of positions submitted to the Director of Finance shall total at least 50 percent of the total number of positions determined by the State Controller to be vacant on June 30, 2002, for each agency, or other appropriate authority if there is no agency secretary. With the written concurrence of the Department of Finance, a department may correct errors in the listing of vacant positions provided to it by the State Controller.

The Director of Finance is authorized to unallot and revert savings attributable to this section to the appropriate fund sources. Position reductions pursuant to this section shall be reflected and identified in the 2003–04 Governor’s Budget. At the time that the 2003–04 Governor’s Budget is submitted to the Legislature, the Department of Finance shall provide a report to the Joint Legislative Budget Committee and the budget committee in each house identifying the reductions allocated to each department, estimating the amount of associated savings, which shall include the salaries and wages, staff benefits, and associated marginal operating expenses and equipment for the positions abolished. The report shall also identify any significant program or service reductions or eliminations that departments plan to implement or propose for legislative approval due to the reduced number of authorized positions and funding. The total amount of the unallotments pursuant to this section shall be at least \$300,000,000.

On or before October 1, 2002, the Director of Finance shall transmit to the Joint Legislative Budget Committee, and to the chair of the committee in each house that considers appropriations, a listing of all the positions abolished pursuant to this section. For each department, the listing of abolished positions shall show by classification, program, and organizational unit, the number of positions abolished. The positions identified to be abolished pursuant to this section shall be abolished effective July 1, 2002.

SEC. 31.70. The Director of Finance is authorized to augment any appropriation in this act by an amount the Director of Finance determines to be necessary to ensure that a department has an appropriate level of appropriations after any unallotment of funds pursuant to Section 31.60 of this act. In determining the amount of any augmentation pursuant to this section, the Director of Finance shall not approve an augmentation that is greater than the amount of the unallotment pursuant to Section 31.60. The total amount of augmentations pursuant to this section shall not exceed 50 percent by fund source of the total amount unallotted pursuant to Section 31.60.

Any augmentation approved by the Director of Finance pursuant to this section shall be reported within 30 days to the chairperson of the committee in each house of the Legislature that considers appropriations, the chairperson of the committee in each house that considers the State Budget, and the Chairperson of the Joint Legislative Budget Committee. The report shall state the necessity for the augmentation.

SEC. 32.00. The officers of the various departments, boards, commissions, and institutions, for whose benefit and support appropriations are made in this act, are expressly forbidden to make any expenditures in excess of these appropriations unless the consent of the Department of Finance is first obtained, and a certificate in writing is duly signed by the director of the department seeking authority for the expenditure, certifying the unavoidable necessity of the expenditure. Any indebtedness attempted to be created against the state in violation of this section shall be null and void, and shall not be allowed by the Controller nor paid out of any state appropriation. Any member of a department, board, commission, or institution who shall vote for any expenditure, or create any indebtedness against the state in excess of the respective appropriations made by this act, unless the consent of the Department of Finance and the director's signature on the certificate, as required by this section, are first obtained, shall be liable both personally and on his or her official bond for the amount of the indebtedness, to be recovered in any court of competent jurisdiction by the person or persons, firm, or corporation to which the indebtedness is owing.

SEC. 33.00. If any item of appropriation in this act is vetoed, eliminated, or reduced by the Governor under Section 10 of Article IV of the California Constitution, while approving portions of this act, such veto, elimination, or reduction shall not affect the other portions of this act, and these other portions of this act, so approved, shall have the same effect in law as if any vetoed or eliminated items of appropriation had not been present in this act, and as if any reduced item of appropriation had not been reduced.

SEC. 34.00. If any portion of this act is held unconstitutional, that decision shall not affect the validity of any other portion of this act. The Legislature hereby declares that it would have passed this act, and each portion thereof, irrespective of the fact that any other portion be declared unconstitutional.

SEC. 36.00. This act, inasmuch as it provides for appropriations for the usual and current expenses of the state, shall, under the provisions of Section 8 of Article IV of the California Constitution, take effect immediately.

SEC. 37.00. 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:

This act makes appropriations and contains related provisions for support of state and local government for the 2002–03 fiscal year and provides for capital outlay appropriations in continuance of existing programs and to promote and sustain the economy of the state. It is imperative that these appropriations be made available for expenditure not later than July 1, 2002. It is therefore necessary that this act go into immediate effect.

## INDEX BY BUDGET TITLE

SEC. 99.00. The following provides an index to the appropriations and related provisions of this act, by organization in alphabetical order, with the code number of the affected organization. The organization code is the first four numbers of any item number in this act. For ease of reference, the appropriation items in this act are organized in numerical order, and all of the appropriation items for any one organization are adjacent to one another.

Department	Organization Code
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“A”

Accountancy, California Board of .....	1120
Acupuncture Board .....	1400
Administrative Law, Office of .....	8910
Aging, Commission on .....	4180
Aging, Department of .....	4170
Agricultural Labor Relations Board .....	8300
Air Resources Board, State .....	3900
Alcohol and Drug Programs, Department of .....	4200
Alcoholic Beverage Control, Department of .....	2100
Alcoholic Beverage Control Appeals Board .....	2120
Alternative Energy and Advanced Transportation Financing Authority, California .....	0971
Architectural Examiners, California Board of .....	1130
Arts Council, California .....	8260
Assembly .....	0120
Athletic Commission, State .....	1140
Audits, Bureau of State .....	8855

“B”

Baldwin Hills Conservancy .....	3835
Behavioral Science, Board of .....	1170
Boards. See subject (e.g., Air Resources, Control, etc.)	
Boating and Waterways, Department of .....	3680
Business, Transportation and Housing, Secretary for .	0520

“C”

Child Development Policy Advisory Committee .....	4220
Child Support Services, Department of .....	5175
Chiropractic Examiners, Board of .....	8500
Citizens Compensation Commission, California .....	8385
Coachella Valley Mountains Conservancy .....	3850

<b>Department</b>	<b>Organization Code</b>
Coastal Commission, California.....	3720
Coastal Conservancy, State.....	3760
Colorado River Board of California.....	3460
Commerce (see Technology, Trade, and Commerce Agency, 2920)	
Community Colleges, Board of Governors of the California .....	6870
Community Services and Development, Department of .....	4700
Conservation, Department of .....	3480
Conservation Corps, California.....	3340
Consumer Affairs-Bureaus, Programs and Divisions, Department of.....	1111
Consumer Affairs-Regulatory Boards, Department of.....	1120-1600
Consumer Power and Conservation Financing Authority, California.....	8665
Contingencies or Emergencies, Augmentation for.....	9840
Contractors' State License Board .....	1230
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Controller, State .....	0840
Controller's, Statewide Information Technology Projects, State.....	0841
Corporations, Department of.....	2180
Correctional Peace Officers' Standards and Training, Commission on.....	5480
Corrections, Board of .....	5430
Corrections, Department of.....	5240
Councils. See subject (e.g., Arts, etc.)	
Court Reporters Board of California .....	1520
Criminal Justice Planning, Office of .....	8100

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Debt and Investment Advisory Commission, California .....	0956
Debt Limit Allocation Committee, California .....	0959
Delta Protection Commission.....	3840
Dentistry, Board of.....	1250
Department of. See subject (e.g., Corrections, Food and Agriculture, etc.)	
Developmental Disabilities, Area Boards on.....	4110
Developmental Disabilities, State Council on .....	4100
Developmental Services, Department of.....	4300

<b>Department</b>	<b>“E”</b>	<b>Organization Code</b>
Education, Department of .....		6110
Education, Office of the Secretary for .....		0558
Electricity Oversight Board .....		8770
Emergency Medical Services Authority .....		4120
Emergency Services, Office of .....		0690
Employee Compensation, Augmentation for .....		9800
Employment Development Department .....		5100
Energy Resources Conservation and Development Commission .....		3360
Environmental Health Hazard Assessment, Office of .....		3980
Environmental Protection, Secretary for .....		0555
Equalization, State Board of .....		0860
Equity Claims of California Victim Compensation and Government Claims Board and Settlements and Judgments by Department of Justice .....		9670
<b>“F”</b>		
Fair Employment and Housing Commission .....		1705
Fair Employment and Housing, Department of .....		1700
Fair Political Practices Commission .....		8620
Finance, Department of .....		8860
Financial Institutions, Department of .....		2150
Fish and Game, Department of .....		3600
Food and Agriculture, Department of .....		8570
Forestry and Fire Protection, Department of .....		3540
Franchise Tax Board .....		1730
<b>“G”</b>		
Gambling Control Commission, California .....		0855
General Services, Department of .....		1760
Geologists and Geophysicists, Board for .....		1340
Governor’s Office .....		0500
Guide Dogs for the Blind, State Board of .....		1350
<b>“H”</b>		
Hastings College of the Law .....		6600
Health and Human Services, Secretary for California .....		0530
Health and Human Services Agency Data Center .....		4130
Health and Dental Benefits for Annuitants .....		9650
Health Insurance Portability and Accounting Act (HIPPA) .....		9909



<b>Department</b>	<b>Organization Code</b>
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Highway Patrol, Department of the California.....	2720
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Industrial Development Financing Advisory Commission, California.....	0965
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Inspector General for Veterans Affairs, Office of the .	0553
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Judiciary .....	0250
Justice, Department of.....	0820

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Law Revision Commission, California .....	8830
Legislative Analyst, Office of the .....	0130
Legislative Counsel Bureau .....	0160
Legislature (See Assembly, Senate, or Joint Expenses)	
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Local Government Financing.....	9210
Lottery Commission, California State .....	0850

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Managed Risk Medical Insurance Board .....	4280

<b>Department</b>	<b>Organization Code</b>
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Osteopathic Medical Board of California .....	1485

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Physician Assistant Committee .....	1430
Pilot Commissioners for the Bays of San Francisco, San Pablo and Suisun, Board of .....	8530
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Podiatric Medicine, California Board of .....	1440
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Pollution Control Financing Authority .....	0974
Postsecondary Education Commission, California .....	6420
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<b>Department</b>	<b>Organization Code</b>
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San Francisco Bay Conservation and Development Commission.....	3820
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Santa Monica Mountains Conservancy.....	3810
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Seismic Safety Commission.....	8690
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Structural Pest Control Board .....	1530
Student Aid Commission .....	7980
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<b>Department</b>	<b>Organization Code</b>
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Traffic Safety, Office of.....	2700
Transportation, Department of .....	2660
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Transportation Programs, Special .....	2640
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Veterans' Home of California-Yountville.....	8960
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Workers' Compensation Benefits for Disaster Service Workers .....	8460
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Youth Authority, Department of the .....	5460
Youthful Offender Parole Board.....	5450

## INDEX FOR CONTROL SECTIONS

SEC. 99.50. The following is an index to the general sections of this act. These sections serve to define terms and identify restrictions concerning the appropriations contained in this act.

- 1.00 Budget Act Citation
- 1.50 Intent and Format
- 2.00 Availability of Appropriations
- 3.00 Defines Purposes of Appropriations
- 3.50 Benefit Charges Against Salaries and Wages
- 3.60 Contribution to Public Employees' Retirement Benefits
- 3.70 Hiring Freeze Reversion
- 3.80 Premium Offset for Employer-Paid Life Insurance
- 4.20 Contribution to Public Employees' Contingency Reserve Fund
- 4.40 e-Business Center
- 4.50 Americans with Disabilities Act
- 4.80 State Public Works Board Interim Financing
- 5.25 Attorneys' Fees
- 5.40 CALFED Bay-Delta Program
- 6.00 Project Alterations Limits
- 8.00 Anti-Terrorism Federal Reimbursements
- 8.50 Federal Funds Receipts
- 8.51 Federal Funds Accounts
- 9.20 Administrative Costs Associated With the Acquisition of Property
- 9.30 Federal Levy of State Funds
- 9.40 Proposition 40 Administration Cost Limits
- 9.45 Proposition 40-Reporting Requirements
- 9.50 Minor Capital Outlay Projects
- 10.00 Statewide Utility Savings
- 11.00 EDP/Information Technology Reporting Requirements
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- 11.11 Privacy of Information in Pay Stubs
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- 11.80 Mandate Appropriation for Prior Year Deficiencies
- 12.00 State Appropriations Limit (SAL)
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- 13.00 Legislative Counsel Bureau

- 14.00 Special Fund Loans Between Boards of the Department of Consumer Affairs
  - 17.00 Federal Health Insurance Portability and Accountability Act (HIPAA)
  - 24.00 State School Fund Allocations
  - 24.03 Reading Control
  - 24.10 Transfer Surplus of Driver Training Penalty Assessment Fund to the General Fund
  - 24.30 Transfer School Building Rental Income to the General Fund
  - 24.60 Report of Lottery Funds Received
  - 24.70 Local Educational Agency Fiscal Accountability
  - 26.00 Intrасchedule Transfers
  - 27.00 Deficiency Reporting Requirements
  - 28.00 Program Change Notification
  - 28.50 Agency Reimbursement Payments
  - 29.00 Personnel-Year Estimates of Governor's Budget, May Revision and Final Change Book
  - 30.00 Continuous Appropriations
  - 31.00 Budget Act Administrative Procedures for Salaries and Wages
  - 31.50 Elimination of Vacant Positions
  - 31.60 Vacant Position Reductions
  - 31.70 Augmentation Authority Regarding Section 31.60 Vacant Position Reductions
  - 32.00 Prohibits Excess Expenditures
  - 32.50 Adjustment to General Fund Revenues and Expenditures
  - 33.00 Item Veto Severability
  - 34.00 Constitutional Severability
  - 36.00 Provides that Budget Act is for Usual and Current Expenses
  - 37.00 Urgency Clause
  - 99.00 Alphabetical Organization Index
  - 99.50 Numerical Control Section Index
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## CHAPTER 380

An act to amend Section 2166.5 of the Elections Code, and to amend Section 6211 of, and to add and repeal Chapter 3.2 (commencing with Section 6215) of Division 7 of Title 1 of, the Government Code, relating to public records.

[Approved by Governor September 5, 2002. Filed with  
Secretary of State September 6, 2002.]

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

SECTION 1. Section 2166.5 of the Elections Code is amended to read:

2166.5. (a) Any person filing with the county elections official a new affidavit of registration or reregistration may have the information relating to his or her residence address, telephone number, and e-mail address appearing on the affidavit, or any list or roster or index prepared therefrom, declared confidential upon presentation of certification that the person is a participant in the Address Confidentiality for Victims of Domestic Violence and Stalking program pursuant to Chapter 3.1 (commencing with Section 6205) of Division 7 of Title 1 of the Government Code or a participant in the Address Confidentiality for Reproductive Health Care Service Providers, Employees, Volunteers, and Patients program pursuant to Chapter 3.2 (commencing with Section 6215) of that division.

(b) Any person granted confidentiality under subdivision (a) shall:

(1) Be considered an absent voter for all subsequent elections or until the county elections official is notified otherwise by the Secretary of State or in writing by the voter. A voter requesting termination of absent voter status thereby consents to placement of his or her residence address, telephone number, and e-mail address in the roster of voters.

(2) In addition to the required residence address, provide a valid mailing address to be used in place of the residence address for election, scholarly, or political research, and government purposes. The elections official, in producing any list, roster, or index may, at his or her choice, use the valid mailing address or the word "confidential" or some similar designation in place of the residence address.

(c) No action in negligence may be maintained against any government entity or officer or employee thereof as a result of disclosure of the information that is the subject of this section unless by a showing of gross negligence or willfulness.

(d) Subdivisions (a) and (b) shall not apply to any person granted confidentiality upon receipt by the county elections official of a written notice by the address confidentiality program manager of the

withdrawal, invalidation, expiration, or termination of the program participant's certification.

(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. 2. Section 6211 of the Government Code is amended to read: 6211. This chapter 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. 3. Chapter 3.2 (commencing with Section 6215) is added to Division 7 of Title 1 of the Government Code, to read:

CHAPTER 3.2. ADDRESS CONFIDENTIALITY FOR REPRODUCTIVE  
HEALTH CARE SERVICE PROVIDERS, EMPLOYEES, VOLUNTEERS, AND  
PATIENTS

6215. The Legislature finds and declares the following:

(a) Persons working in the reproductive health care field, specifically the provision of terminating a pregnancy, are often subject to harassment, threats, and acts of violence by persons or groups.

(b) In 2000, 30 percent of respondents to a Senate Office of Research survey of 172 California reproductive health care providers reported they or their families had been targets of acts of violence by groups that oppose reproductive rights at locations away from their clinics or offices.

(c) Persons and groups that oppose reproductive rights attempt to stop the provision of legal reproductive health care services by threatening reproductive health care service providers, clinics, employees, volunteers, and patients. The names, photographs, spouses' names, and home addresses of these providers, employees, volunteers, and patients have been posted on Internet Web sites. From one Web site list that includes personal information of reproductive health care service providers, seven persons have been murdered and 14 have been injured. As of August 5, 2002, there are 78 Californians listed on this site. The threat of violence toward reproductive health care service providers and those who assist them has clearly extended beyond the clinic and into the home.

(d) Nationally, between 1992 and 1996, the number of reproductive health care service providers declined by 14 percent. Nearly one out of every four women must travel more than 50 miles to obtain reproductive health care services dealing with the termination of a pregnancy. There exists a fear on the part of physicians to enter the reproductive health care field and to provide reproductive health care services.

(e) Reproductive health care services are legal medical procedures. In order to prevent potential acts of violence from being committed against



providers, employees, and volunteers who assist in the provision of reproductive health care services and the patients seeking those services, it is necessary for the Legislature to ensure that the home address information of these individuals is kept confidential.

(f) The purpose of this chapter is to enable state and local agencies to respond to requests for public records without disclosing the residential location of a reproductive health care services provider, employee, volunteer, or patient, to enable interagency cooperation with the Secretary of State in providing address confidentiality for reproductive health care services providers, employees, volunteers, and patients, 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.

6215.1. 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) "Reproductive health care services" means health care services relating to the termination of a pregnancy in a reproductive health care services facility.

(c) "Reproductive health care services provider, employee, volunteer, or patient" means a person who obtains, provides, or assists, at the request of another person, in obtaining or providing reproductive health care services, or a person who owns or operates a reproductive health care services facility.

(d) "Reproductive health care services facility" includes a hospital, an office operated by a licensed physician and surgeon, a licensed clinic, or other licensed health care facility that provides reproductive health care services and includes only the building or structure in which the reproductive health care services are actually provided.

6215.2. (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 to 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 assistance program designated by the Secretary of State. The application process shall include a requirement that the applicant shall meet with a 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) 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 reproductive health care service provider, employee, or volunteer who is fearful for his or her safety or the safety of his or her family because of his or her affiliation with a reproductive health care services facility, the application shall be accompanied by all of the following:

(A) Documentation showing that the individual is to commence employment or is currently employed as a provider or employee at a reproductive health care services facility or is volunteering at a reproductive health care services facility.

(B) A certified statement signed by a person authorized by the reproductive health care services facility stating that the facility or any of its providers, employees, volunteers, or patients is or was the target of threats or acts of violence within one year of the date of the application. A person who willfully certifies as true any material matter pursuant to this section which he or she knows to be false is guilty of a misdemeanor.

(C) A sworn statement that the applicant fears for his or her safety or the safety of his or her family, or the safety of the minor or incapacitated person on whose behalf the application is made due to his or her affiliation with the reproductive health care services facility providing the declaration described in subparagraph (B).

(2) If the applicant alleges that the basis for the application is that the applicant is a reproductive health care services facility volunteer, the application shall, in addition to the documents specified in paragraph (1), be accompanied by reproductive health care services facility documentation showing the length of time the volunteer has committed to working at the facility.

(3) If the applicant alleges that the basis of the application is that the applicant, or the minor or incapacitated person on whose behalf the application is made, is a person who is or has been the target of threats or acts of violence because he or she is obtaining or seeking to obtain services at a reproductive health care services facility within one year of the date of the application, the application shall be accompanied by the following:

(A) A sworn statement that the applicant has good reason to fear for his or her safety or the safety of his or her family.

(B) Any police, court, or other government agency records or files that show any complaints of the alleged threats or acts of violence.

(4) 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.

(5) The mailing address where the applicant can be contacted by the Secretary of State, and the telephone number or numbers where the applicant can be called by the Secretary of State.

(6) The address or addresses that the applicant requests not be disclosed for the reason that disclosure will increase the risk of acts of violence toward the applicant.

(7) The signature of the applicant and of any individual or representative of any office designated in writing 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) Applications submitted by a reproductive health care services facility, its providers, employees, or volunteers shall be accompanied by payment of a fee to be determined by the Secretary of State. This fee shall not exceed the actual costs of enrolling in the program. In addition, annual fees may also be assessed by the Secretary of State to defray the actual costs of maintaining this program. Annual fees assessed by the Secretary of State shall also be used to reimburse the General Fund for any amounts expended from that fund for the purposes of this chapter. No applicant who is a patient of a reproductive health care services facility shall be required to pay an application fee or the annual fee under this program.

(d) The Address Confidentiality for Reproductive Health Care Services Fund is hereby created in the General Fund. Upon appropriation by the Legislature, moneys in the fund are available for the administration of the program established pursuant to this chapter.

(e) Upon filing a properly completed application, the Secretary of State shall certify the applicant as a program participant. Applicants, with the exception of reproductive health care services facilities volunteers, shall be certified for four years following the date of filing

unless the certification is withdrawn, or invalidated before that date. Reproductive health care services facility volunteers shall be certified until six months from the last date of volunteering with the facility. The Secretary of State shall by rule establish a renewal procedure.

(f) 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 family 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.

6215.3. (a) The Secretary of State may cancel a program participant's certification if there is a change in the residential address from the one listed on the application, unless the program participant provides the Secretary of State with at least seven days' prior notice of the change of address.

(b) The Secretary of State may cancel a program participant's certification if mail forwarded by the secretary to the program participant's address is returned as nondeliverable.

(c) The Secretary of State shall cancel certification of a program participant who applies using false information.

(d) The Secretary of State shall cancel certification of a program participant who fails to disclose a change in employment status, or termination as a provider or volunteer.

(e) Any records or documents pertaining to a program participant shall be retained and held confidential for a period of three years after termination of certification and then destroyed without further notice.

6215.4. (a) A program participant may withdraw from program participation by submitting to the address confidentiality program manager written notification of withdrawal and his or her current identification card. Certification shall be terminated on the date of receipt of this notification.

(b) The address confidentiality program manager may terminate a program participant's certification and invalidate his or her authorization card for any of the following reasons:

(1) The program participant's certification term has expired and certification renewal has not been completed.

(2) The address confidentiality program manager has determined that false information was used in the application process or that participation in the program is being used as a subterfuge to avoid detection of illegal or criminal activity or apprehension by law enforcement.

(3) The program participant no longer resides at the residential address listed on the application, and has not provided at least seven days' prior notice in writing of a change in address.

(4) A service of process document or mail forwarded to the program participant by the address confidentiality program manager is returned as nondeliverable.

(5) The program participant who is a provider, employee, or volunteer fails to disclose a change in employment, or termination as volunteer or provider.

(c) If termination is a result of paragraph (1), (3), (4), or (5) of subdivision (b), the address confidentiality program manager shall send written notification of the intended termination to the program participant. The program participant shall have five business days in which to appeal the termination under procedures developed by the Secretary of State.

(d) The address confidentiality program manager shall notify in writing the county elections official and authorized personnel of the appropriate county clerk's office, and county recording office of the program participant's certification withdrawal, invalidation, expiration, or termination.

(e) Upon receipt of this termination notification, authorized personnel shall transmit to the address confidentiality program manager all appropriate administrative records pertaining to the program participant and the record transmitting agency is no longer responsible for maintaining the confidentiality of a terminated program participant's record.

(f) Following termination of program participant certification as a result of paragraph (2) of subdivision (b), the address confidentiality program manager may disclose information contained in the participant's application.

6215.5. (a) A program participant may request that state and local agencies use the address designated by the Secretary of State as his or her address. When creating a public record, state and local agencies shall accept the address designated by the Secretary of State as a program participant's substitute address, unless the Secretary of State has determined both of the following:

(1) The agency has a bona fide statutory or administrative requirement for the use of the address that would otherwise be confidential under this chapter.

(2) This address will be used only for those statutory and administrative purposes and shall not be publicly disseminated.

(b) A program participant may request that state and local agencies use the address designated by the Secretary of State as his or her address. When modifying or maintaining a public record, excluding the record of

any birth, fetal death, death, or marriage registered under Division 102 (commencing with Section 102100) of the Health and Safety Code, state and local agencies shall accept the address designated by the Secretary of State as a program participant's substitute address, unless the Secretary of State has determined both of the following:

(1) The agency has a bona fide statutory or administrative requirement for the use of the address that would otherwise be confidential under this chapter.

(2) This address will be used only for those statutory and administrative purposes and shall not be publicly disseminated.

(c) A program participant may use the address designated by the Secretary of State as his or her work address.

(d) The office of the Secretary of State shall forward all first-class mail and all mail sent by a governmental agency to the appropriate program participants. The office of the Secretary of State shall not handle or forward packages regardless of size or type of mailing.

(e) Notwithstanding subdivision (a), program participants shall comply with the provisions specified in subdivision (d) of Section 1808.21 of the Vehicle Code if requesting suppression of the records maintained by the Department of Motor Vehicles. Program participants shall also comply with all other provisions of the Vehicle Code relating to providing current address information to the department.

6215.6. A program participant who is otherwise qualified to vote may seek to register and vote in a confidential manner pursuant to Section 2166.5 of the Elections Code.

6215.7. The Secretary of State may not make a program participant's address, other than the address designated by the Secretary of State, available for inspection or copying, except under any of the following circumstances:

(a) If requested by a law enforcement agency, to the law enforcement agency.

(b) If directed by a court order, to a person identified in the order.

(c) If certification has been canceled.

6215.8. The Secretary of State shall designate state and local agencies and nonprofit agencies that may assist persons applying to be program participants. Any assistance and counseling rendered by the office of the Secretary of State or its designees to applicants shall in no way be construed as legal advice.

6215.9. The Secretary of State may adopt rules to facilitate the administration of this chapter by state and local agencies. The Secretary of State shall administer this chapter together with and in the same manner as the Address Confidentiality For Victims of Domestic Violence and Stalking (Safe at Home) program.

6216. (a) The Secretary of State shall submit to the Legislature, no later than January 10 of each year, a report that includes the total number of applications received for the program established by this chapter. The report shall disclose the number of program participants within each county and shall also describe any allegations of misuse relating to election purposes.

(b) The Secretary of State shall commence accepting applications under this program on April 1, 2003.

(c) The Secretary of State shall submit to the Legislature by July 1, 2006, a report that includes the total number of pieces of mail forwarded to program participants, the number of program participants during the program's duration, the average length of time a participant remains in the program, and the targeted code changes needed to improve the program's efficiency and cost-effectiveness.

6217. This chapter 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. 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, notwithstanding Section 17610 of the Government Code, 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. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

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## CHAPTER 381

An act relating to solid waste.

[Approved by Governor September 5, 2002. Filed with  
Secretary of State September 6, 2002.]



*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 Mariposa, in cooperation with Yosemite National Park, are working to find a viable solution to divert, from landfill disposal, 50 percent of the region's generated solid waste, as required by the California Integrated Waste Management Act of 1989.

(b) The County of Mariposa and Yosemite National Park annually generate approximately 13,000 tons of mixed solid waste, 600 tons of biosolids, and 180,000 gallons of septage.

(c) The County of Mariposa and Yosemite National Park are proposing to secure a unique type of composting facility that would decompose mixed solid waste and would produce a dry, stable, and inert material.

SEC. 2. On or before July 1, 2003, the County of Mariposa shall submit a report to the California Integrated Waste Management Board concerning the county's progress in funding, constructing, and operating a mixed solid waste composting facility in cooperation with Yosemite National Park. The report shall include, but need not be limited to, information regarding all of the following:

(a) Local, state, and federal requirements for the project, status of compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), and permits received.

(b) Technical and economic feasibility, and cost-effectiveness, of the project.

(c) Adverse environmental impacts of the project, and alternatives and mitigation measures for those impacts.

(d) Environmental and public policy benefits of the project, including, but not limited to, landfill avoidance, pollution prevention, and sustainability, including, but not limited to, information regarding whether the project is the most economical and environmentally sound method to divert 50 percent of all solid waste from landfill or transformation through source reduction, recycling, and composting, as required under paragraph (2) of subdivision (a) of Section 41780 of the Public Resources Code, and to exceed that requirement pursuant to subdivision (b) of Section 41780 of the Public Resources Code.

(e) Programs and projects to ensure that noncompostable materials will be properly reduced, reused, and recycled.

(f) Mariposa County and Yosemite National Park education programs for diverting solid waste from landfills.

SEC. 3. This act shall become inoperative on July 1, 2003, and, as of January 1, 2004, is repealed, unless a later enacted statute, that



becomes operative on or before January 1, 2004, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 4. 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.

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## CHAPTER 382

An act to amend Section 13823.11 of the Penal Code, relating to sexual assault victims.

[Approved by Governor September 5, 2002. Filed with  
Secretary of State September 6, 2002.]

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

SECTION 1. Section 13823.11 of the Penal Code is amended to read:

13823.11. The minimum standards for the examination and treatment of victims of sexual assault or attempted sexual assault, including child molestation and the collection and preservation of evidence therefrom include all of the following:

- (a) Law enforcement authorities shall be notified.
- (b) In conducting the physical examination, the outline indicated in the form adopted pursuant to subdivision (c) of Section 13823.5 shall be followed.
- (c) Consent for a physical examination, treatment, and collection of evidence shall be obtained.
  - (1) Consent to an examination for evidence of sexual assault shall be obtained prior to the examination of a victim of sexual assault and shall include separate written documentation of consent to each of the following:
    - (A) Examination for the presence of injuries sustained as a result of the assault.
    - (B) Examination for evidence of sexual assault and collection of physical evidence.
    - (C) Photographs of injuries.
  - (2) Consent to treatment shall be obtained in accordance with usual hospital policy.

(3) A victim of sexual assault shall be informed that he or she may refuse to consent to an examination for evidence of sexual assault, including the collection of physical evidence, but that a refusal is not a ground for denial of treatment of injuries and for possible pregnancy and sexually transmitted diseases, if the person wishes to obtain treatment and consents thereto.

(4) Pursuant to Chapter 3 (commencing with Section 6920) of Part 4 of Division 11 of the Family Code, a minor may consent to hospital, medical, and surgical care related to a sexual assault without the consent of a parent or guardian.

(5) In cases of known or suspected child abuse, the consent of the parents or legal guardian is not required. In the case of suspected child abuse and nonconsenting parents, the consent of the local agency providing child protective services or the local law enforcement agency shall be obtained. Local procedures regarding obtaining consent for the examination and treatment of, and the collection of evidence from, children from child protective authorities shall be followed.

(d) A history of sexual assault shall be taken.

The history obtained in conjunction with the examination for evidence of sexual assault shall follow the outline of the form established pursuant to subdivision (c) of Section 13823.5 and shall include all of the following:

(1) A history of the circumstances of the assault.

(2) For a child, any previous history of child sexual abuse and an explanation of injuries, if different from that given by parent or person accompanying the child.

(3) Physical injuries reported.

(4) Sexual acts reported, whether or not ejaculation is suspected, and whether or not a condom or lubricant was used.

(5) Record of relevant medical history.

(e) (1) If indicated by the history of contact, a female victim of sexual assault shall be provided with the option of postcoital contraception by a physician or other health care provider.

(2) Postcoital contraception shall be dispensed by a physician or other health care provider upon the request of the victim.

(f) Each adult and minor victim of sexual assault who consents to a medical examination for collection of evidentiary material shall have a physical examination which includes, but is not limited to, all of the following:

(1) Inspection of the clothing, body, and external genitalia for injuries and foreign materials.

(2) Examination of the mouth, vagina, cervix, penis, anus, and rectum, as indicated.

(3) Documentation of injuries and evidence collected.

Prepubertal children shall not have internal vaginal or anal examinations unless absolutely necessary (this does not preclude careful collection of evidence using a swab).

(g) The collection of physical evidence shall conform to the following procedures:

(1) Each victim of sexual assault who consents to an examination for collection of evidence shall have the following items of evidence collected, except where he or she specifically objects:

(A) Clothing worn during assault.

(B) Foreign materials revealed by an examination of the clothing, body, external genitalia, and pubic hair combings.

(C) Swabs and slides from the mouth, vagina, rectum, and penis, as indicated, to determine the presence or absence of sperm and sperm motility, and for genetic marker typing.

(2) Each victim of sexual assault who consents to an examination for the collection of evidence shall have reference specimens taken, except when he or she specifically objects thereto. A reference specimen is a standard from which to obtain baseline information (for example: pubic and head hair, blood, and saliva for genetic marker typing). These specimens shall be taken in accordance with the standards of the local criminalistics laboratory.

(3) A baseline gonorrhea culture, and syphilis serology, shall be taken, if indicated by the history of contact. Specimens for a pregnancy test shall be taken, if indicated by the history of contact.

(4) (A) If indicated by the history of contact, a female victim of sexual assault shall be provided with the option of postcoital contraception by a physician or other health care provider.

(B) Postcoital contraception shall be dispensed by a physician or other health care provider upon the request of the victim.

(h) Preservation and disposition of physical evidence shall conform to the following procedures:

(1) All swabs and slides shall be air-dried prior to packaging.

(2) All items of evidence including laboratory specimens shall be clearly labeled as to the identity of the source and the identity of the person collecting them.

(3) The evidence shall have a form attached which documents its chain of custody and shall be properly sealed.

(4) The evidence shall be turned over to the proper law enforcement agency.

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## CHAPTER 383

An act to amend Sections 655.7, 658.3, and 668.1 of the Harbors and Navigation Code, relating to vessels.

[Approved by Governor September 5, 2002. Filed with  
Secretary of State September 6, 2002.]

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

SECTION 1. Section 655.7 of the Harbors and Navigation Code is amended to read:

655.7. (a) A person operating a personal watercraft equipped by the manufacturer with a lanyard-type engine cutoff switch shall attach the lanyard to his or her person, clothing, or personal flotation device, as appropriate for the specific vessel.

(b) No person shall operate a personal watercraft equipped by the manufacturer with a self-circling device if the self-circling device or engine throttle has been altered in any way that would impede or prevent the self-circling device from operating in its intended manner.

(c) Every personal watercraft shall, at all times, be operated in a reasonable and prudent manner. Maneuvers that unreasonably or unnecessarily endanger life, limb, or property, including, but not limited to, jumping or attempting to jump the wake of another vessel within 100 feet of that other vessel, operating the personal watercraft toward any person or vessel in the water and turning sharply at close range so as to spray the vessel or person, or operating at a rate of speed and proximity to another vessel so that either operator is required to swerve at the last minute to avoid collision, is unsafe or reckless operation of a vessel.

(d) No person shall operate a personal watercraft at any time between the hours from sunset to sunrise.

(e) This section does not apply to a performer who is engaged in a professional exhibition or to a person who is participating in a regatta, race, marine parade, tournament, exhibition, or other event sanctioned by the United States Coast Guard or authorized by a permit issued by the local entity having jurisdiction over the area where the event is held.

(f) Any violation of this section is an infraction.

SEC. 2. Section 658.3 of the Harbors and Navigation Code is amended to read:

658.3. (a) No person shall operate a motorboat, sailboat, or vessel that is 26 feet or less in length, unless every person on board who is 11 years of age or less is wearing a type I, II, III, or V Coast Guard-approved personal flotation device while that motorboat, sailboat, or vessel is underway.

(b) Subdivision (a) does not apply to a person operating a sailboat on which a person who is 11 years of age or less is restrained by a harness tethered to the vessel, or to a person operating a vessel on which a person who is 11 years of age or less is in an enclosed cabin.

(c) Any person on board a personal watercraft or any person being towed behind a vessel on water skis, an aquaplane, or similar device, except for any underwater maneuvering device intended for use by a submerged swimmer, shall wear a type I, II, III, or V Coast Guard-approved personal flotation device. An underwater maneuvering device is any towed or self-powered apparatus that a person can pilot through diving, turning, and surfacing maneuvers that is designed for underwater use.

(1) This subdivision does not apply to a person aboard a personal watercraft or a person being towed behind a vessel on water skis, if that person is a performer engaged in a professional exhibition, or preparing to participate or participating in an official regatta, marine parade, tournament, or exhibition.

(2) In lieu of wearing a Coast Guard-approved personal flotation device of a type described in this subdivision, any person engaged in slalom skiing on a marked course or any person engaged in barefoot, jump, or trick waterskiing may elect to wear a wetsuit designed for the activity and labeled by the manufacturer as a water ski wetsuit. A Coast Guard-approved personal flotation device of a type described in this subdivision shall be carried in the tow vessel for each skier electing to wear a water ski wetsuit pursuant to this paragraph.

(d) The requirements set forth in subdivisions (a) and (c) do not apply to a person operating a motorboat, sailboat, or vessel if the operator is reacting to an emergency rescue situation.

(e) The following definitions govern the construction of this section:

(1) "Enclosed cabin" means a space on board a vessel that is surrounded by bulkheads and covered by a roof.

(2) "Operate a motorboat, sailboat, or vessel" means to be in control or in charge of a motorboat, sailboat, or vessel while it is underway.

(3) "Underway" means all times except when the motorboat, sailboat, or vessel is anchored, moored, or aground.

(f) A violation of this section is an infraction punishable as provided in subdivision (a) of Section 668.

SEC. 3. Section 668.1 of the Harbors and Navigation Code is amended to read:

668.1. (a) Any person convicted of a violation of subdivision (a), (b), (c), (d), (e), or (f) of Section 655, or of Section 655.2, 655.6, 655.7, 658, or 658.5, or of Section 191.5 of the Penal Code, or of the federal rules of the road and pilot rules, not including equipment requirements, incorporated by reference in Section 6600.1 of Title 14 of the California

Code of Regulations, or found by a court to have performed any of the acts described in Section 6697 of Title 14 of the California Code of Regulations, pertaining to a mechanically propelled vessel but not to manipulating any water skis, an aquaplane, or similar device, when the conviction resulted from the operation of a vessel, shall be ordered by the court to complete and pass a boating safety course approved by the department pursuant to Section 668.3.

(b) Any person who has been ordered by the court to complete and pass a boating safety course pursuant to this section shall submit to the court proof of completion and passage of the course within seven months of the time of his or her conviction. The proof shall be in a form that has been approved by the department and that provides for the ability to submit the form to the court through the United States Postal Service. If the person who has been required to complete and pass a boating safety course is under 18 years of age, the court may require that the person obtain parental consent to enroll in the course. If the person does not complete and pass the boating safety course, the court may extend the period for completion or impose another penalty as prescribed by statute.

(c) The department shall adopt regulations to carry out this section, including approval of boating safety education courses, as specified in Section 668.3, prescribing the forms for proof of completion and passage, approval of testing to indicate appropriate mastery of the course subject matter, and setting forth any fees to be charged to course participants, which fees shall not exceed the expenses associated with providing the course.

SEC. 4. 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.

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## CHAPTER 384

An act to add Section 123418 to the Health and Safety Code, relating to physicians and surgeons.

[Approved by Governor September 5, 2002. Filed with  
Secretary of State September 6, 2002.]

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

SECTION 1. Section 123418 is added to the Health and Safety Code, to read:

123418. Subject to all other provisions of this article, all residency programs in obstetrics and gynecology shall comply with the program requirements for residency education in obstetrics and gynecology of the Accreditation Council for Graduate Medical Education, which requires that in addition to education and training in in-patient care, the program in obstetrics-gynecology be geared toward the development of competence in the provision of ambulatory primary health care for women, including, but not limited to, training in the performance of abortion services.

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## CHAPTER 385

An act to amend Section 2253 of the Business and Professions Code, to add Article 2.5 (commencing with Section 123460) to Chapter 2 of Part 2 of Division 106 of, and to repeal Sections 123400, 123405, 123407, 123410, 123415, and 123430 of, the Health and Safety Code, relating to reproductive privacy.

[Approved by Governor September 5, 2002. Filed with  
Secretary of State September 6, 2002.]

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

SECTION 1. Section 2253 of the Business and Professions Code is amended to read:

2253. (a) Failure to comply with the Reproductive Privacy Act (Article 2.5 (commencing with Section 123460) of Chapter 2 of Part 2 of Division 106 of the Health and Safety Code) in performing, assisting, procuring or aiding, abetting, attempting, agreeing, or offering to procure an illegal abortion constitutes unprofessional conduct.

(b) (1) A person is subject to Sections 2052 and 2053 if he or she performs or assists in performing a surgical abortion, and at the time of so doing, does not have a valid, unrevoked, and unsuspended license to practice as a physician and surgeon as provided in this chapter, or if he or she assists in performing a surgical abortion and does not have a valid, unrevoked, and unsuspended license or certificate obtained in accordance with some other provision of law that authorizes him or her to perform the functions necessary to assist in performing a surgical abortion.

(2) A person is subject to Sections 2052 and 2053 if he or she performs or assists in performing a nonsurgical abortion, and at the time of so doing, does not have a valid, unrevoked, and unsuspended license to practice as a physician and surgeon as provided in this chapter, or does not have a valid, unrevoked, and unsuspended license or certificate obtained in accordance with some other provision of law that authorizes him or her to perform or assist in performing the functions necessary for a nonsurgical abortion.

(c) For purposes of this section, “nonsurgical abortion” includes termination of pregnancy through the use of pharmacological agents.

SEC. 2. Section 123400 of the Health and Safety Code is repealed.

SEC. 3. Section 123405 of the Health and Safety Code is repealed.

SEC. 4. Section 123407 of the Health and Safety Code is repealed.

SEC. 5. Section 123410 of the Health and Safety Code is repealed.

SEC. 6. Section 123415 of the Health and Safety Code is repealed.

SEC. 7. Section 123430 of the Health and Safety Code is repealed.

SEC. 8. Article 2.5 (commencing with Section 123460) is added to Chapter 2 of Part 2 of Division 106 of the Health and Safety Code, to read:

#### Article 2.5. Reproductive Privacy Act

123460. This article shall be known and may be cited as the Reproductive Privacy Act.

123462. The Legislature finds and declares that every individual possesses a fundamental right of privacy with respect to personal reproductive decisions. Accordingly, it is the public policy of the State of California that:

(a) Every individual has the fundamental right to choose or refuse birth control.

(b) Every woman has the fundamental right to choose to bear a child or to choose and to obtain an abortion, except as specifically limited by this article.

(c) The state shall not deny or interfere with a woman’s fundamental right to choose to bear a child or to choose to obtain an abortion, except as specifically permitted by this article.

123464. The following definitions shall apply for purposes of this chapter:

(a) “Abortion” means any medical treatment intended to induce the termination of a pregnancy except for the purpose of producing a live birth.

(b) “Pregnancy” means the human reproductive process, beginning with the implantation of an embryo.



(c) “State” means the State of California, and every county, city, town and municipal corporation, and quasi-municipal corporation in the state.

(d) “Viability” means the point in a pregnancy when, in the good faith medical judgment of a physician, on the particular facts of the case before that physician, there is a reasonable likelihood of the fetus’s sustained survival outside the uterus without the application of extraordinary medical measures.

123466. The state may not deny or interfere with a woman’s right to choose or obtain an abortion prior to viability of the fetus, or when the abortion is necessary to protect the life or health of the woman.

123468. The performance of an abortion is unauthorized if either of the following is true:

(a) The person performing or assisting in performing the abortion is not a health care provider authorized to perform or assist in performing an abortion pursuant to Section 2253 of the Business and Professions Code.

(b) The abortion is performed on a viable fetus, and both of the following are established:

(1) In the good faith medical judgment of the physician, the fetus was viable.

(2) In the good faith medical judgment of the physician, continuation of the pregnancy posed no risk to life or health of the pregnant woman.

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.

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## CHAPTER 386

An act to amend Sections 20, 26140, 26142, 26143, 26145, and 38081.1 of the Health and Safety Code, relating to health services.

[Approved by Governor September 5, 2002. Filed with  
Secretary of State September 6, 2002.]

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

SECTION 1. Section 20 of the Health and Safety Code is amended to read:

20. "State department" or "department" means State Department of Health Services.

SEC. 2. Section 26140 of the Health and Safety Code is amended to read:

26140. (a) Subject to subdivisions (b), (c), and (d), a seller or transferor of commercial or industrial real property shall provide written disclosure to prospective buyers as soon as practicable before the transfer of title when the seller or transferor knows of the presence of mold, both visible and invisible or hidden, that affects the unit or building and the mold either exceeds permissible exposure limits to molds established by subdivisions (a), (b), and (c) of Section 26103 or poses a health threat, according to the department's guidelines as developed pursuant to Section 26105.

(b) A seller or transferor of commercial or industrial real property shall be exempt from providing written disclosure pursuant to this subdivision if the presence of mold was remediated according to the mold remediation guidelines developed by the department pursuant to Section 26130.

(c) A commercial or industrial real property seller shall not be required to conduct air or surface tests of units or buildings to determine whether the presence of molds exceeds the permissible exposure limits to molds established by subdivisions (a) and (b) of Section 26103.

(d) The requirements of this section shall not apply until the first January 1 or July 1 that occurs at least six months after the department adopts standards pursuant to Sections 26103 and 26105 and develops guidelines pursuant to Section 26130.

SEC. 3. Section 26142 of the Health and Safety Code is amended to read:

26142. (a) Any tenant of a commercial or industrial real property who knows that mold is present in the building, heating system, ventilating or air-conditioning system, or appurtenant structures, or that there is a condition of chronic water intrusion or flood, shall inform the landlord of this knowledge in writing within a reasonable period of time. The tenant shall make the property available to the landlord or his or her agents for appropriate assessment or remedial action as soon as is reasonably practicable if the landlord is responsible for maintenance of the property. Nothing in this section is intended to any way affect existing duties and obligations of residential tenants and landlords.

(b) The requirements of this section shall not apply until the first January 1 or July 1 that occurs at least six months after the department

adopts standards pursuant to Sections 26103 and 26105 and develops guidelines pursuant to Section 26130.

SEC. 4. Section 26143 of the Health and Safety Code is amended to read:

26143. (a) Commercial and industrial landlords, who know or have notice that mold is present in the building, heating system, ventilating or air-conditioning system, or appurtenant structures, or that there is a condition of chronic water intrusion or flood, have an affirmative duty, within a reasonable period of time, to assess the presence of mold or condition likely to result in the presence of mold and conduct any necessary remedial action.

(b) The requirements of this section shall not apply until the first January 1 or July 1 that occurs at least six months after the department adopts standards pursuant to Sections 26103 and 26105 and develops guidelines pursuant to Section 26130.

SEC. 5. Section 26145 of the Health and Safety Code is amended to read:

26145. (a) Any tenant of a commercial or industrial real property who knows or is informed that mold is present in the building, heating system, ventilating or air-conditioning system, or appurtenant structures, or that there is a condition of chronic water intrusion or flood, and is responsible for maintenance of the property shall inform the landlord in writing of that knowledge as soon as is reasonably practicable and shall correct the condition in compliance with the terms of the contract with the landlord.

(b) The requirements of this section shall not apply until the first January 1 or July 1 that occurs at least six months after the department adopts standards pursuant to Sections 26103 and 26105 and develops guidelines pursuant to Section 26130.

SEC. 6. Section 38081.1 of the Health and Safety Code is amended to read:

38081.1. (a) Cooperative agreements shall be subject to review and approval by the Department of General Services pursuant to Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code, except as follows:

(1) Changes in the scope of work approved under paragraph (2) of subdivision (b) of Section 38077.

(2) For allowable cost agreements, changes in line item budgets of up to 15 percent of the annual total, not to exceed one hundred thousand dollars (\$100,000), so long as the contract total does not increase or decrease. This maximum amount shall be assessed annually and automatically adjusted in accordance with cost-of-living indexes.

(3) Agreements, and amendments to those agreements, under programs expressly exempted from the review and approval of the

Department of General Services pursuant to statute, including, but not limited to, those exemptions granted prior to January 1, 1994.

(b) (1) A nonprofit organization or governmental agency that is awarded a cooperative agreement shall not be subject to the minority and women business and disabled veterans participation goals set forth in Article 1.5 (commencing with Section 10115 of Chapter 1 of Part 2 of Division 2 of the Public Contract Code with respect to that portion of the cooperative agreement budget that is for personnel related costs of the cooperative agreement, as determined by the department.

(2) A nonprofit organization or governmental agency that is awarded a cooperative agreement shall also be exempt from the participation goals described in paragraph (1) when the cooperative agreement meets any of the following criteria:

(A) The amount of the cooperative agreement is one hundred thousand dollars (\$100,000) or less annually.

(B) In the case of a nonprofit organization, the nonprofit organization to be awarded the cooperative agreement has a board of directors of which at least 51 percent of the members are any combination of women, minorities, and disabled veterans.

(C) Cooperative agreements that result from requests for application.

(c) The Director of General Services may exempt from his or her approval or from approval of the department any cooperative agreements for which, in his or her judgment, the exemption is appropriate and in the best interests of the state. Written notice of an exemption shall be given to the Controller.

(d) Subdivision (b) shall become inoperative on June 30, 1997.

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## CHAPTER 387

An act to amend Section 3 of Chapter 815 of the Statutes of 1976, relating to tide and submerged lands in the Straits of Carquinez.

[Approved by Governor September 5, 2002. Filed with  
Secretary of State September 6, 2002.]

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

SECTION 1. Section 3 of Chapter 815 of the Statutes of 1976 is amended to read:

Sec. 3. (a) There is hereby granted to the City of Martinez, and to its successors, all right, title and interest of the state held by virtue of its sovereignty in and to the three parcels of land situated in the County of Contra Costa and described as follows:

## Parcel "A"

Commencing at the intersection of the north line of Tideland Survey No. 9 and the east line of North Court Street as shown on Map of "City of Martinez Waterfront Area" filed March 10, 1955, in Volume 16, Pages 39 to 43, Licensed Surveyor's Maps in the Office of the Contra Costa County Recorder; thence along said northerly line of Tideland Survey No. 9 North  $76^{\circ} 56' 53''$  East 488.36 feet; thence leaving said northerly line North  $20^{\circ} 03' 30''$  West 130.00 feet; thence North  $63^{\circ} 50' 00''$  East 85.00 feet to the true point of beginning; thence North  $03^{\circ} 30' 00''$  East 110.00 feet; thence North  $12^{\circ} 10' 00''$  East 660.00 feet; thence North  $05^{\circ} 05' 39''$  West 119.71 feet; thence North  $88^{\circ} 03' 16''$  East 242.85 feet; thence South  $12^{\circ} 10' 00''$  West 797.24 feet; thence South  $63^{\circ} 50' 00''$  West 233.84 feet to the point of beginning.

## Parcel "B"

Commencing at the intersection of the north line of Tideland Survey No. 9 and the east line of North Court Street as shown on Map of "City of Martinez Waterfront Area" filed March 10, 1955, in Volume 16, Pages 39 to 43, Licensed Surveyor's Maps in the Office of the Contra Costa County Recorder; thence along said northerly line of Tideland Survey No. 9 North  $76^{\circ} 56' 53''$  East 488.36 feet; thence leaving said northerly line North  $20^{\circ} 03' 30''$  West 130.00 feet; thence North  $63^{\circ} 50' 00''$  East 318.84 feet to the true point of beginning being the southeasterly corner of Parcel "A" described above; thence North  $12^{\circ} 10' 00''$  East 797.24 feet along the east line of said Parcel "A"; thence leaving said east line North  $88^{\circ} 03' 16''$  East 156.26 feet; thence South  $89^{\circ} 00' 00''$  East 100.00 feet; thence South  $66^{\circ} 20' 00''$  East 120.00 feet; thence South  $25^{\circ} 45' 00''$  East 453.00 feet; thence South  $68^{\circ} 10' 00''$  West 385.00 feet; thence South  $63^{\circ} 50' 00''$  West 416.16 feet to the point of beginning.

## Parcel "C"

That parcel of land described in the lease to the Southern Pacific Transportation Company by the City of Martinez per Resolution No. 111 (1959 series) dated August 5, 1959, and Resolution No. 72-75 dated June 4, 1975.

The bearings and distances used in the above descriptions of Parcels "A" and "B" are based on the California Coordinate System Zone 3 as shown on Map of "City of Martinez Waterfront Area" filed March 10, 1955, in Volume 16, Pages 39 to 43, Licensed Surveyor's Maps in the Office of the Contra Costa County Recorder.

(b) Such lands shall be held by the city and its successor in trust for the following uses, in which there is a general, statewide interest, and upon the following express conditions:

Parcel "A" shall be used only for Marina spoils and spoil removal, parking, boat storage, chandlery, recreation, landscaping, and any other use permitted by the Martinez Waterfront Land Use Plan.

Parcel "B" shall be used only for Marina spoils and spoil removal and any other use permitted by the Martinez Waterfront Land Use Plan.

Parcel "C" shall be used only in its present use as a railroad right-of-way.

Further, all such uses shall accord with the terms and conditions of the lease and agreements specified in subdivision (f) of Section 1, and the development and operation of the entire area of such parcels shall be under the supervision of the City-State Committee, in the same manner as is presently provided by such lease and agreements with respect to lands subject to such lease and agreements.

The grant made by this section shall not become effective unless and until the city files quitclaim to all previously granted tidelands that are within the area hereby granted to the district by this act and described in Section 15.

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## CHAPTER 388

An act to add Section 1714.11 to the Civil Code, relating to civil liability.

[Approved by Governor September 5, 2002. Filed with  
Secretary of State September 6, 2002.]

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

SECTION 1. Section 1714.11 is added to the Civil Code, immediately following Section 1714.10, to read:

1714.11. (a) Except for damage or injury proximately caused by a grossly negligent act or omission or willful or wanton misconduct of the donor, no public employee or public entity, including, but not limited to, a fire department, a fire protection district, or the Department of Forestry and Fire Protection, that donates fire protection apparatus or equipment to a volunteer fire department, volunteer fire protection district, or volunteer fire company is liable for any damage or injury that results from the use of that apparatus or equipment by the recipient fire department, fire protection district, or fire company.

(b) (1) The immunity provided by this section only shall apply if the donor of the fire protection apparatus or equipment discloses in writing to the recipient fire department, fire protection district, or fire company any known damage to, or deficiencies in, the apparatus and equipment.

(2) A volunteer fire department, volunteer fire protection district, or volunteer fire company that receives donated fire protection apparatus or equipment shall inspect and repair the apparatus and equipment prior to use for public safety purposes.

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CHAPTER 389

An act to amend Section 202 of the Fish and Game Code, and to amend Sections 11340.85, 11343, 11346.2, 11346.5, 11347.6, and 11354.1 of the Government Code, relating to administrative rulemaking.

[Approved by Governor September 5, 2002. Filed with  
Secretary of State September 6, 2002.]

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

SECTION 1. Section 202 of the Fish and Game Code is amended to read:

202. The commission shall exercise its powers under this article by regulations made and promulgated pursuant to this article. Regulations adopted pursuant to this article shall not be subject to the time periods for the adoption, amendment, or repeal of regulations prescribed in Sections 11343.4, 11346.4, 11346.8, and 11347.1 of the Government Code.

SEC. 2. 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 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. 3. Section 11343 of the Government Code is amended to read: 11343. Every state agency shall:

(a) Transmit to the office for filing with the Secretary of State a certified copy of every regulation adopted or amended by it except one that is a building standard.

(b) Transmit to the office for filing with the Secretary of State a certified copy of every order of repeal of a regulation required to be filed under subdivision (a).

(c) Deliver to the office, at the time of transmittal for filing a regulation or order of repeal, six duplicate copies of the regulation or order of repeal, together with a citation of the authority pursuant to which it or any part thereof was adopted.

(d) Deliver to the office a copy of the notice of proposed action required by Section 11346.4.

(e) Transmit to the California Building Standards Commission for approval a certified copy of every regulation, or order of repeal of a regulation, that is a building standard, together with a citation of authority pursuant to which it or any part thereof was adopted, a copy of the notice of proposed action required by Section 11346.4, and any other records prescribed by the State Building Standards Law (Part 2.5 (commencing with Section 18901) of Division 13 of the Health and Safety Code).

(f) Whenever a certification is required by this section, it shall be made by the head of the state agency that is adopting, amending, or repealing the regulation, or by a designee of the agency head, and the certification and delegation shall be in writing.

SEC. 4. Section 11346.2 of the Government Code is amended to read:

11346.2. Every agency subject to this chapter shall prepare, submit to the office with the notice of the proposed action as described in Section 11346.5, and make available to the public upon request, all of the following:

(a) A copy of the express terms of the proposed regulation.

(1) The agency shall draft the regulation in plain, straightforward language, avoiding technical terms as much as possible, and using a coherent and easily readable style. The agency shall draft the regulation in plain English.

(2) The agency shall include a notation following the express terms of each California Code of Regulations section, listing the specific

statutes or other provisions of law authorizing the adoption of the regulation and listing the specific statutes or other provisions of law being implemented, interpreted, or made specific by that section in the California Code of Regulations.

(3) The agency shall use underline or italics to indicate additions to, and strikeout to indicate deletions from, the California Code of Regulations.

(b) An initial statement of reasons for proposing the adoption, amendment, or repeal of a regulation. This statement of reasons shall include, but not be limited to, all of the following:

(1) A statement of the specific purpose of each adoption, amendment, or repeal and the rationale for the determination by the agency that each adoption, amendment, or repeal is reasonably necessary to carry out the purpose for which it is proposed. Where the adoption or amendment of a regulation would mandate the use of specific technologies or equipment, a statement of the reasons why the agency believes these mandates or prescriptive standards are required.

(2) An identification of each technical, theoretical, and empirical study, report, or similar document, if any, upon which the agency relies in proposing the adoption, amendment, or repeal of a regulation.

(3) (A) A description of reasonable alternatives to the regulation and the agency's reasons for rejecting those alternatives. In the case of a regulation that would mandate the use of specific technologies or equipment or prescribe specific actions or procedures, the imposition of performance standards shall be considered as an alternative.

(B) A description of reasonable alternatives to the regulation that would lessen any adverse impact on small business and the agency's reasons for rejecting those alternatives.

(C) Notwithstanding subparagraph (A) or (B), an agency is not required to artificially construct alternatives, describe unreasonable alternatives, or justify why it has not described alternatives.

(4) Facts, evidence, documents, testimony, or other evidence on which the agency relies to support an initial determination that the action will not have a significant adverse economic impact on business.

(5) A department, board, or commission within the Environmental Protection Agency, the Resources Agency, or the Office of the State Fire Marshal shall describe its efforts, in connection with a proposed rulemaking action, to avoid unnecessary duplication or conflicts with federal regulations contained in the Code of Federal Regulations addressing the same issues. These agencies may adopt regulations different from federal regulations contained in the Code of Federal Regulations addressing the same issues upon a finding of one or more of the following justifications:

(A) The differing state regulations are authorized by law.

(B) The cost of differing state regulations is justified by the benefit to human health, public safety, public welfare, or the environment.

(c) A state agency that adopts or amends a regulation mandated by federal law or regulations, the provisions of which are identical to a previously adopted or amended federal regulation, shall be deemed to have complied with subdivision (b) if a statement to the effect that a federally mandated regulation or amendment to a regulation is being proposed, together with a citation to where an explanation of the provisions of the regulation can be found, is included in the notice of proposed adoption or amendment prepared pursuant to Section 11346.5. However, the agency shall comply fully with this chapter with respect to any provisions in the regulation that the agency proposes to adopt or amend that are different from the corresponding provisions of the federal regulation.

SEC. 5. Section 11346.5 of the Government Code is amended to read:

11346.5. (a) The notice of proposed adoption, amendment, or repeal of a regulation shall include the following:

(1) A statement of the time, place, and nature of proceedings for adoption, amendment, or repeal of the regulation.

(2) Reference to the authority under which the regulation is proposed and a reference to the particular code sections or other provisions of law that are being implemented, interpreted, or made specific.

(3) An informative digest drafted in plain English in a format similar to the Legislative Counsel's digest on legislative bills. The informative digest shall include the following:

(A) A concise and clear summary of existing laws and regulations, if any, related directly to the proposed action and of the effect of the proposed action.

(B) If the proposed action differs substantially from an existing comparable federal regulation or statute, a brief description of the significant differences and the full citation of the federal regulations or statutes.

(C) A policy statement overview explaining the broad objectives of the regulation and, if appropriate, the specific objectives.

(4) Any other matters as are prescribed by statute applicable to the specific state agency or to any specific regulation or class of regulations.

(5) A determination as to whether the regulation imposes a mandate on local agencies or school districts and, if so, whether the mandate requires state reimbursement pursuant to Part 7 (commencing with Section 17500) of Division 4.

(6) An estimate, prepared in accordance with instructions adopted by the Department of Finance, of the cost or savings to any state agency, the cost to any local agency or school district that is required to be

reimbursed under Part 7 (commencing with Section 17500) of Division 4, other nondiscretionary cost or savings imposed on local agencies, and the cost or savings in federal funding to the state.

For purposes of this paragraph, "cost or savings" means additional costs or savings, both direct and indirect, that a public agency necessarily incurs in reasonable compliance with regulations.

(7) If a state agency, in proposing to adopt, amend, or repeal any administrative regulation, makes an initial determination that the action may have a significant, statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states, it shall include the following information in the notice of proposed action:

(A) Identification of the types of businesses that would be affected.

(B) A description of the projected reporting, recordkeeping, and other compliance requirements that would result from the proposed action.

(C) The following statement: "The (name of agency) has made an initial determination that the (adoption/amendment/repeal) of this regulation may have a significant, statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states. The (name of agency) (has/has not) considered proposed alternatives that would lessen any adverse economic impact on business and invites you to submit proposals. Submissions may include the following considerations:

(i) The establishment of differing compliance or reporting requirements or timetables that take into account the resources available to businesses.

(ii) Consolidation or simplification of compliance and reporting requirements for businesses.

(iii) The use of performance standards rather than prescriptive standards.

(iv) Exemption or partial exemption from the regulatory requirements for businesses."

(8) If a state agency, in adopting, amending, or repealing any administrative regulation, makes an initial determination that the action will not have a significant, statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states, it shall make a declaration to that effect in the notice of proposed action. In making this declaration, the agency shall provide in the record facts, evidence, documents, testimony, or other evidence upon which the agency relies to support its initial determination.

An agency's initial determination and declaration that a proposed adoption, amendment, or repeal of a regulation may have or will not have a significant, adverse impact on businesses, including the ability of

California businesses to compete with businesses in other states, shall not be grounds for the office to refuse to publish the notice of proposed action.

(9) A description of all cost impacts, known to the agency at the time the notice of proposed action is submitted to the office, that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

If no cost impacts are known to the agency, it shall state the following:

“The agency is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.”

(10) A statement of the results of the assessment required by subdivision (b) of Section 11346.3.

(11) The finding prescribed by subdivision (c) of Section 11346.3, if required.

(12) A statement that the action would have a significant effect on housing costs, if a state agency, in adopting, amending, or repealing any administrative regulation, makes an initial determination that the action would have that effect. In addition, the agency officer designated in paragraph (14), shall make available to the public, upon request, the agency’s evaluation, if any, of the effect of the proposed regulatory action on housing costs.

(13) A statement that the adopting agency must determine that no reasonable alternative considered by the agency or that has otherwise been identified and brought to the attention of the agency would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

(14) The name and telephone number of the agency representative and designated backup contact person to whom inquiries concerning the proposed administrative action may be directed.

(15) The date by which comments submitted in writing must be received to present statements, arguments, or contentions in writing relating to the proposed action in order for them to be considered by the state agency before it adopts, amends, or repeals a regulation.

(16) Reference to the fact that the agency proposing the action has prepared a statement of the reasons for the proposed action, has available all the information upon which its proposal is based, and has available the express terms of the proposed action, pursuant to subdivision (b).

(17) A statement that if a public hearing is not scheduled, any interested person or his or her duly authorized representative may request, no later than 15 days prior to the close of the written comment period, a public hearing pursuant to Section 11346.8.

(18) A statement indicating that the full text of a regulation changed pursuant to Section 11346.8 will be available for at least 15 days prior to the date on which the agency adopts, amends, or repeals the resulting regulation.

(19) A statement explaining how to obtain a copy of the final statement of reasons once it has been prepared pursuant to subdivision (a) of Section 11346.9.

(20) If the agency maintains an Internet Web site or other similar forum for the electronic publication or distribution of written material, a statement explaining how materials published or distributed through that forum can be accessed.

(b) The agency representative designated in paragraph (14) of subdivision (a) shall make available to the public upon request the express terms of the proposed action. The representative shall also make available to the public upon request the location of public records, including reports, documentation, and other materials, related to the proposed action. If the representative receives an inquiry regarding the proposed action that the representative cannot answer, the representative shall refer the inquiry to another person in the agency for a prompt response.

(c) This section shall not be construed in any manner that results in the invalidation of a regulation because of the alleged inadequacy of the notice content or the summary or cost estimates, or the alleged inadequacy or inaccuracy of the housing cost estimates, if there has been substantial compliance with those requirements.

SEC. 6. Section 11347.6 of the Government Code is amended to read:

11347.6. Each state agency that adopts regulations shall, in the final statement of reasons, separately identify comments made by the Office of Small Business Advocate and the Technology, Trade, and Commerce Agency pursuant to subdivision (e) of Section 15363.6 and respond to each and every comment made by that office or agency directed at the proposed action or at the procedures followed by the agency in proposing or adopting the action, including providing a basis for why those comments were rejected, if applicable.

SEC. 7. Section 11354.1 of the Government Code is amended to read:

11354.1. (a) For purposes of this section, "commission" means the San Francisco Bay Conservation and Development Commission.

(b) This chapter does not apply to any policy, plan, or guideline adopted by the commission prior to January 1, 1996, pursuant to Chapter 5 (commencing with Section 66650) of Title 7.2 of this code or Division 19 (commencing with Section 29000) of the Public Resources Code.

(c) The issuance or denial by the commission of any permit pursuant to subdivision (a) of Section 66632, and the issuance or denial by, or appeal to, the commission of any permit pursuant to Chapter 6 (commencing with Section 29500) of Division 19 of the Public Resources Code, are not subject to this chapter.

(d) (1) Any amendments or other changes to the San Francisco Bay Plan or to a special area plan pursuant to Chapter 5 (commencing with Section 66650) of Title 7.2, adopted by the commission on or after January 1, 1996, and any amendments or other changes to the Suisun Marsh Protection Plan, as defined in Section 29113 of the Public Resources Code, or in the Suisun Marsh local protection program, as defined in Section 29111 of the Public Resources Code, adopted by the commission on and after January 1, 1996, shall be submitted to the office but are not subject to this chapter except as provided in this subdivision.

(2) The commission shall include in its submittal to the office pursuant to paragraph (1) both of the following documents:

(A) A clear and concise summary of any regulatory provision adopted or approved by the commission as part of the proposed change for publication in the California Code of Regulations.

(B) The administrative record for the proceeding, and a list of the documents relied upon in making the change. Proposed additions to the plans shall be indicated by underlined text, and proposed deletions shall be indicated by strike-through text in documents submitted as part of the administrative record for the proceeding.

(3) The office shall review the regulatory provisions to determine compliance with the standards of necessity, authority, clarity, consistency, reference, and nonduplication set forth in subdivision (a) of Section 11349.1. The office shall also review the responses to public comments prepared by the commission to determine compliance with the public participation requirements of Sections 11000 to 11007, inclusive, of Title 14 of the California Code of Regulations, and to ensure that the commission considers all relevant matters presented to it before adopting, amending, or repealing any regulatory provision, and that the commission explains the reasons for not modifying a proposed plan change to accommodate an objection or recommendation. The office shall restrict its review to the regulatory provisions and the administrative record of the proceeding. Sections 11349.3, 11349.4, 11349.5, and 11350.3 shall apply to the review by the office to the extent that those sections are consistent with this section.

(4) In reviewing proposed changes to the commission's plans for the criteria specified in subdivision (a) of Section 11349.1, the office shall consider the clarity of the proposed plan change in the context of the commission's existing plans.



(5) The proposed plan or program change subject to this subdivision shall not become effective unless and until the regulatory provisions are approved by the office in accordance with subdivision (a) of Section 11349.3.

(6) Upon approval of the regulatory provisions, the office shall transmit to the Secretary of State for filing the clear and concise summary of the regulatory provisions submitted by the commission.

(e) Except as provided in subdivisions (b), (c), and (d), the adoption of any regulation by the commission shall be subject to this chapter in all respects.

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## CHAPTER 390

An act to add Section 1900.5 to the Corporations Code, and to amend Sections 23331 and 23334 of the Revenue and Taxation Code, relating to corporations.

[Approved by Governor September 5, 2002. Filed with  
Secretary of State September 6, 2002.]

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

SECTION 1. Section 1900.5 is added to the Corporations Code, to read:

1900.5. (a) Notwithstanding any other provision of this division, when a corporation has not issued shares, a majority of the directors, or, if no directors have been named in the articles or been elected, the incorporator or a majority of the incorporators may sign and verify a certificate of dissolution stating the following:

(1) That the certificate of dissolution is being filed within 12 months from the date the articles of incorporation were filed.

(2) That the corporation does not have any debts or other liabilities, except as provided in paragraph (3).

(3) That the tax liability will be satisfied on a taxes paid basis or that a person or corporation or other business entity assumes the tax liability, if any, of the dissolving corporation and is responsible for additional corporate taxes, if any, that are assessed and that become due after the date of the assumption of the tax liability.

(4) That a final franchise tax return has been filed with the Franchise Tax Board as required under the Corporation Tax Law (Part 11 (commencing with Section 23001) of Division 2 of the Revenue and Taxation Code).



(5) That the corporation has not conducted any business from the time of the filing of the articles of incorporation.

(6) That the known assets of the corporation remaining after payment of, or adequately providing for, known debts and liabilities have been distributed to the persons entitled thereto or that the corporation acquired no known assets, as the case may be.

(7) That a majority of the directors, or, if no directors have been named in the articles or been elected, the incorporator or a majority of the incorporators authorized the dissolution and elected to dissolve the corporation.

(8) That the corporation has not issued any shares, and if the corporation has received payments for shares from investors, those payments have been returned to those investors.

(9) That the corporation is dissolved.

(b) A certificate of dissolution signed and verified pursuant to subdivision (a) shall be filed with the Secretary of State. The Secretary of State shall file the certificate of dissolution without the tax clearance certificate specified in Section 23334 of the Revenue and Taxation Code and shall notify the Franchise Tax Board of the dissolution.

(c) Upon filing a certificate of dissolution pursuant to subdivision (b), a corporation shall be dissolved and its powers, rights, and privileges shall cease.

SEC. 2. Section 23331 of the Revenue and Taxation Code is amended to read:

23331. (a) For the purposes of this article, the effective date of dissolution of a corporation is the date on which the certified copy of the court decree, judgment, or order declaring the corporation duly wound up and dissolved is filed in the office of the Secretary of State or the date on which the certificate of winding up, if necessary, and the certificate of dissolution are filed in the office of the Secretary of State. For the purposes of this article, the effective date of withdrawal of a foreign corporation is the date on which the certificate of withdrawal is filed in the office of the Secretary of State.

(b) The Secretary of State shall, through an information program and by forms and instructions provided to taxpayers, recommend that all documents required by this article to be filed with the Secretary of State be sent, if mailed, by certified mail with return receipt requested. The Secretary of State shall also notify taxpayers that receipt of documents by the Secretary of State pursuant to this article will be acknowledged within 21 days of receipt.

(c) On or before 21 days after their receipt, the Secretary of State shall provide a taxpayer with acknowledgment of the receipt of documents submitted by a taxpayer pursuant to this article.

(d) The office of the Secretary of State shall, no later than July 1, 1991, submit to the Legislature a report of the development of a taxpayer information program, the revision of forms and instructions, and the implementation of procedures for acknowledging receipt from taxpayers of documents required by this article.

SEC. 3. Section 23334 of the Revenue and Taxation Code is amended to read:

23334. No decree of dissolution shall be made and entered by any court, nor shall the Secretary of State file a decree of dissolution, or file in the case of a credit union incorporated under the California Credit Union Law a certificate of election to dissolve, or in the case of any other taxpayer file a certificate of dissolution, except as provided in subdivision (c) of Section 1905 of the Corporations Code and subdivision (b) of Section 1900.5 of the Corporations Code, or any other document by which the term of existence of the taxpayer shall be reduced or terminated, nor shall the Secretary of State file any certificate of the surrender by a foreign corporation of its right to do intrastate business in this state unless the taxpayer obtains from the Franchise Tax Board and files with the court or Secretary of State, as the case may be, a tax clearance certificate indicating that the Franchise Tax Board is satisfied from the available evidence that all taxes imposed by this chapter have been paid or are secured by bond, deposit, or otherwise. Within 30 days after receiving a request for a certificate, the Franchise Tax Board shall either issue the certificate or notify the person requesting the certificate of the amount of tax that must be paid or the amount of bond, deposit, or other security that must be furnished as a condition of issuing the certificate. The issuance of the certificate shall not relieve the taxpayer or any individual or corporation from liability for any taxes, penalties, or interest imposed by this part, nor shall the issuance of the certificate in the case of any credit union which revokes its election to wind up and dissolve, relieve that credit union of any taxes or interest that would have been imposed under this part had the election not been filed.

The Franchise Tax Board shall furnish a copy of the tax clearance certificate to the Secretary of State.

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## CHAPTER 391

An act to amend Sections 1043, 1045, 1046, and 1047 of the Evidence Code, and to amend Sections 832.5 and 832.7 of the Penal Code, relating to custodial officers.

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

SECTION 1. Section 1043 of the Evidence Code is amended to read:

1043. (a) In any case in which discovery or disclosure is sought of peace or custodial officer personnel records or records maintained pursuant to Section 832.5 of the Penal Code or information from those records, the party seeking the discovery or disclosure shall file a written motion with the appropriate court or administrative body upon written notice to the governmental agency which has custody and control of the records. The written notice shall be given at the times prescribed by subdivision (b) of Section 1005 of the Code of Civil Procedure. Upon receipt of the notice the governmental agency served shall immediately notify the individual whose records are sought.

(b) The motion shall include all of the following:

(1) Identification of the proceeding in which discovery or disclosure is sought, the party seeking discovery or disclosure, the peace or custodial officer whose records are sought, the governmental agency which has custody and control of the records, and the time and place at which the motion for discovery or disclosure shall be heard.

(2) A description of the type of records or information sought.

(3) Affidavits showing good cause for the discovery or disclosure sought, setting forth the materiality thereof to the subject matter involved in the pending litigation and stating upon reasonable belief that the governmental agency identified has the records or information from the records.

(c) No hearing upon a motion for discovery or disclosure shall be held without full compliance with the notice provisions of this section except upon a showing by the moving party of good cause for noncompliance, or upon a waiver of the hearing by the governmental agency identified as having the records.

SEC. 2. Section 1045 of the Evidence Code is amended to read:

1045. (a) Nothing in this article shall be construed to affect the right of access to records of complaints, or investigations of complaints, or discipline imposed as a result of those investigations, concerning an event or transaction in which the peace officer or custodial officer, as defined in Section 831.5 of the Penal Code, participated, or which he or she perceived, and pertaining to the manner in which he or she performed his or her duties, provided that information is relevant to the subject matter involved in the pending litigation.

(b) In determining relevance, the court shall examine the information in chambers in conformity with Section 915, and shall exclude from disclosure:

(1) Information consisting of complaints concerning conduct occurring more than five years before the event or transaction that is the subject of the litigation in aid of which discovery or disclosure is sought.

(2) In any criminal proceeding the conclusions of any officer investigating a complaint filed pursuant to Section 832.5 of the Penal Code.

(3) Facts sought to be disclosed that are so remote as to make disclosure of little or no practical benefit.

(c) In determining relevance where the issue in litigation concerns the policies or pattern of conduct of the employing agency, the court shall consider whether the information sought may be obtained from other records maintained by the employing agency in the regular course of agency business which would not necessitate the disclosure of individual personnel records.

(d) Upon motion seasonably made by the governmental agency which has custody or control of the records to be examined or by the officer whose records are sought, and upon good cause showing the necessity thereof, the court may make any order which justice requires to protect the officer or agency from unnecessary annoyance, embarrassment or oppression.

(e) The court shall, in any case or proceeding permitting the disclosure or discovery of any peace or custodial officer records requested pursuant to Section 1043, order that the records disclosed or discovered may not be used for any purpose other than a court proceeding pursuant to applicable law.

SEC. 3. Section 1046 of the Evidence Code is amended to read:

1046. In any case, otherwise authorized by law, in which the party seeking disclosure is alleging excessive force by a peace officer or custodial officer, as defined in Section 831.5 of the Penal Code, in connection with the arrest of that party, or for conduct alleged to have occurred within a jail facility, the motion shall include a copy of the police report setting forth the circumstances under which the party was stopped and arrested, or a copy of the crime report setting forth the circumstances under which the conduct is alleged to have occurred within a jail facility.

SEC. 4. Section 1047 of the Evidence Code is amended to read:

1047. Records of peace officers or custodial officers, as defined in Section 831.5 of the Penal Code, including supervisory officers, who either were not present during the arrest or had no contact with the party seeking disclosure from the time of the arrest until the time of booking, or who were not present at the time the conduct is alleged to have occurred within a jail facility, shall not be subject to disclosure.

SEC. 5. Section 832.5 of the Penal Code is amended to read:

832.5. (a) (1) Each department or agency in this state that employs peace officers shall establish a procedure to investigate complaints by members of the public against the personnel of these departments or agencies, and shall make a written description of the procedure available to the public.

(2) Each department or agency that employs custodial officers, as defined in Section 831.5, may establish a procedure to investigate complaints by members of the public against those custodial officers employed by these departments or agencies, provided however, that any procedure so established shall comply with the provisions of this section and with the provisions of Section 832.7.

(b) Complaints and any reports or findings relating to these complaints shall be retained for a period of at least five years. All complaints retained pursuant to this subdivision may be maintained either in the peace or custodial officer's general personnel file or in a separate file designated by the department or agency as provided by department or agency policy, in accordance with all applicable requirements of law. However, prior to any official determination regarding promotion, transfer, or disciplinary action by an officer's employing department or agency, the complaints described by subdivision (c) shall be removed from the officer's general personnel file and placed in separate file designated by the department or agency, in accordance with all applicable requirements of law.

(c) Complaints by members of the public that are determined by the peace or custodial officer's employing agency to be frivolous, as defined in Section 128.5 of the Code of Civil Procedure, or unfounded or exonerated, or any portion of a complaint that is determined to be frivolous, unfounded, or exonerated, shall not be maintained in that officer's general personnel file. However, these complaints shall be retained in other, separate files that shall be deemed personnel records for purposes of the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) and Section 1043 of the Evidence Code.

(1) Management of the peace or custodial officer's employing agency shall have access to the files described in this subdivision.

(2) Management of the peace or custodial officer's employing agency shall not use the complaints contained in these separate files for punitive or promotional purposes except as permitted by subdivision (f) of Section 3304 of the Government Code.

(3) Management of the peace or custodial officer's employing agency may identify any officer who is subject to the complaints maintained in these files which require counseling or additional training. However, if a complaint is removed from the officer's personnel file, any reference in the personnel file to the complaint or to a separate file shall be deleted.

(d) As used in this section, the following definitions apply:

(1) "General personnel file" means the file maintained by the agency containing the primary records specific to each peace or custodial officer's employment, including evaluations, assignments, status changes, and imposed discipline.

(2) "Unfounded" means that the investigation clearly established that the allegation is not true.

(3) "Exonerated" means that the investigation clearly established that the actions of the peace or custodial officer that formed the basis for the complaint are not violations of law or department policy.

SEC. 6. Section 832.7 of the Penal Code is amended to read:

832.7. (a) Peace officer or custodial officer personnel records and records maintained by any state or local agency pursuant to Section 832.5, or information obtained from these records, are confidential and shall not be disclosed in any criminal or civil proceeding except by discovery pursuant to Sections 1043 and 1046 of the Evidence Code. This section shall not apply to investigations or proceedings concerning the conduct of police officers or a police agency conducted by a grand jury, a district attorney's office, or the Attorney General's office.

(b) Notwithstanding subdivision (a), a department or agency shall release to the complaining party a copy of his or her own statements at the time the complaint is filed.

(c) Notwithstanding subdivision (a), a department or agency which employs peace or custodial officers may disseminate data regarding the number, type, or disposition of complaints (sustained, not sustained, exonerated, or unfounded) made against its officers if that information is in a form which does not identify the individuals involved.

(d) Notwithstanding subdivision (a), a department or agency which employs peace or custodial officers may release factual information concerning a disciplinary investigation if the officer who is the subject of the disciplinary investigation, or the officer's agent or representative, publicly makes a statement he or she knows to be false concerning the investigation or the imposition of disciplinary action. Information may not be disclosed by the peace or custodial officer's employer unless the false statement was published by an established medium of communication, such as television, radio, or a newspaper. Disclosure of factual information by the employing agency pursuant to this subdivision is limited to facts contained in the officer's personnel file concerning the disciplinary investigation or imposition of disciplinary action that specifically refute the false statements made public by the peace or custodial officer or his or her agent or representative.

(e) The department or agency shall provide written notification to the complaining party of the disposition of the complaint within 30 days of the disposition.

The notification described in this subdivision shall not be conclusive or binding or admissible as evidence in any separate or subsequent action or proceeding brought before an arbitrator, court, or judge of this state or the United States.

(f) Nothing in this section shall affect the discovery or disclosure of information contained in a peace or custodial officer's personnel file pursuant to Section 1043 of the Evidence Code.

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## CHAPTER 392

An act to add Section 14032.6 to the Government Code, relating to transportation.

[Approved by Governor September 5, 2002. Filed with  
Secretary of State September 6, 2002.]

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

SECTION 1. Section 14032.6 is added to the Government Code, to read:

14032.6. The department shall, within existing resources, collect, analyze, and summarize highway congestion data and make it available upon request to California regional transportation planning agencies, congestion management agencies, and transit agencies.

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## CHAPTER 393

An act to add Article 6 (commencing with Section 101315) to Chapter 3 of Part 3 of Division 101 of the Health and Safety Code, relating to health, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 5, 2002. Filed with  
Secretary of State September 6, 2002.]

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

SECTION 1. The Legislature finds and declares all of the following:  
(a) Disease control, surveillance, and epidemiology are well recognized core local government public health functions, serving as integral components of the state's public safety network.



(b) Counties rely on local public health agencies to detect and respond effectively to significant threats, including major outbreaks of infectious disease, pathogens resistant to antimicrobial agents, and the acts of bioterrorism.

(c) California's public health infrastructure is lacking in its ability to respond to biological threats or other emergencies. The system has been allowed to atrophy over the past several decades, leaving the public more susceptible to serious outbreaks of infectious disease.

(d) Threats of emerging infections and bioterrorism could be addressed more effectively with adequate funding infused into the public health system. Additional ongoing resources are needed to train additional public health staff, expand information and communication systems, and enhance public health laboratory capacity.

(e) State and local public health departments require additional resources and funding to enhance their ability to respond to and prepare for future potential acts of biological terrorism or public health emergencies.

SEC. 2. Article 6 (commencing with Section 101315) is added to Chapter 3 of Part 3 of Division 101 of the Health and Safety Code, to read:

Article 6. Federal Funding for Bioterrorism Preparedness and Other Public Health Threats

101315. (a) Federal funding received by the State Department of Health Services for bioterrorism preparedness and emergency response is subject to appropriation in the annual Budget Act commencing with the 2003–04 fiscal year.

(b) This article shall govern those instances when federal funding is allocated and expended for public health preparedness and response by local health jurisdictions for the prevention of, and response to, bioterrorist attacks and other public health emergencies pursuant to the federally approved collaborative state-local plan.

(c) A local health jurisdiction shall be ineligible to receive funding from appropriations made for purposes of this article when that local health jurisdiction receives directly or through another local jurisdiction federal funding for the same purposes. Moneys appropriated in the annual Budget Act for purposes of this article that would have been allocated to a local health jurisdiction that is ineligible, pursuant to this subdivision, to receive funding shall be allocated, as provided in Section 101317, among the remaining local health jurisdictions that are eligible.

(d) Funds appropriated for the purposes of this article shall not be used to supplant funding for existing levels of service and shall only be used for purposes specified in Section 101317.



(e) This article shall apply only when local health jurisdictions are designated by a federal or state agency to manage the funds for public health preparedness and response to bioterrorist attacks and other public health emergencies, pursuant to the federally approved collaborative state-local plan.

101317. (a) For purposes of this article, allocations shall be made to the administrative bodies of qualifying local health jurisdictions described as public health administrative organizations in Section 101185, and pursuant to Section 101315, in the following manner:

(1) (A) For the 2003–04 fiscal year and subsequent fiscal years, to the administrative bodies of each local health jurisdiction, a basic allotment of one hundred thousand dollars (\$100,000), subject to the availability of funds appropriated in the annual Budget Act or some other act.

(B) For the 2002–03 fiscal year, the basic allotment of one hundred thousand dollars (\$100,000) shall be reduced by the amount of federal funding allocated as part of a basic allotment for the purposes of this article to local health jurisdictions in the 2001–02 fiscal year.

(2) (A) Except as provided in subdivision (c), after determining the amount allowed for the basic allotment as provided in paragraph (1), the balance of the annual Budget Act appropriation for purposes of this article, if any, shall be allotted on a per capita basis to the administrative bodies of each local health jurisdiction in the proportion that the population of that local health jurisdiction bears to the population of all eligible local health jurisdictions of the state.

(B) The population estimates used for the calculation of the per capita allotment pursuant to subparagraph (A) shall be based on the Department of Finance’s E-1 Report, “City/County Populations Estimates with Annual Percentage Changes” as of January 1 of the previous year. However, if within a local health jurisdiction there are one or more city health jurisdictions, the local health jurisdiction shall subtract the population of the city or cities from the local health jurisdiction total population for purposes of calculating the per capita total.

(b) If the amounts appropriated in the annual Budget Act are insufficient to fully fund the allocations specified in subdivision (a), the department shall prorate and adjust each local health jurisdiction’s allocation so that the total amount allocated equals the amount appropriated.

(c) For the 2002–03 fiscal year and subsequent fiscal years, where the federally approved collaborative state-local plan identifies an allocation method, other than the basic allotment and per capita method described in subdivision (a), for specific funding to a local public health jurisdiction, including, but not limited to, funding laboratory training,

chemical and nuclear terrorism preparedness, and information technology approaches, that funding shall be paid to the administrative bodies of those local health jurisdictions in accordance with the federally approved collaborative state-local plan for bioterrorism preparedness and other public health threats in the state.

(d) Funds appropriated pursuant to the annual Budget Act or some other act for allocation to local health jurisdictions pursuant to this article shall be disbursed quarterly to local health jurisdictions beginning July 1, 2002, using the following process:

(1) Each fiscal year, upon the submission of an application for funding by the administrative body of a local health jurisdiction, the department shall make the first quarterly payment to each eligible local health jurisdiction. That application shall include a plan and budget for the local program that is in accordance with the department's plans and priorities for bioterrorism preparedness and response, and other public health threats and emergencies, and a certification by the chairperson of the board of supervisors or the mayor of a city with a local health department that the funds received pursuant to this article will not be used to supplant other funding sources in violation of subdivision (d) of Section 101315.

(2) The department shall establish procedures and a format for the submission of the local health jurisdiction's plan and budget. The local health jurisdiction's plan shall be consistent with the department's plans and priorities for bioterrorism preparedness and response and other public health threats and emergencies in accordance with requirements specified in the department's federal grant award. Payments to local health jurisdictions beyond the first quarter shall be contingent upon the approval of the department of the local health jurisdiction's plan and the local health jurisdiction's progress in implementing the provisions of the local health jurisdiction's plan, as determined by the department.

(3) If a local health jurisdiction does not apply or submits a noncompliant application for its allocation, those funds provided under this article may be redistributed according to subdivision (a) to the remaining local health jurisdictions.

(e) Funds shall be used for activities to improve and enhance local health jurisdictions' preparedness for and response to bioterrorism and other public health threats and emergencies, and for any other purposes, as determined by the department, that are consistent with the purposes for which the funds were appropriated.

(f) Any local health jurisdiction that receives funds pursuant to this article shall deposit them in a special Local Public Health Preparedness Trust Fund established solely for this purpose before transferring or expending the funds for any of the uses allowed pursuant to this article. The interest earned on moneys in the fund shall accrue to the benefit of

the fund and shall be expended for the same purposes as other moneys in the fund.

(g) (1) A local health jurisdiction that receives funding pursuant to this article shall submit reports that display cost data and the activities funded by moneys deposited in its Local Public Health Preparedness Trust Fund to the department on a regular basis in a form and according to procedures prescribed by the department.

(2) The department, in consultation with local health jurisdictions, shall develop required content for the reports required under paragraph (1), which shall include, but shall not be limited to, data and information needed to implement this article and to satisfy federal reporting requirements. The chairperson of the board of supervisors or the mayor of a city with a local health department shall certify the accuracy of the reports and that the moneys appropriated for the purposes of this article have not been used to supplant other funding sources.

(h) The administrative body of a local health jurisdiction may enter into a contract with the department and the department may enter into a contract with that local health jurisdiction for the department to administer all or a portion of the moneys allocated to the local health jurisdiction pursuant to this article.

(i) The department may recoup from a local health jurisdiction any moneys allocated pursuant to this article that are unspent or that are not expended for purposes specified in subdivision (d). The department may also recoup funds expended by a local health jurisdiction in violation of subdivision (d) of Section 101315. The department may withhold quarterly payments of moneys to a local health jurisdiction if the local health jurisdiction is not in compliance with this article or the terms of that local health jurisdiction's plan as approved by the department. Before any funds are recouped or withheld from a local health jurisdiction, the department shall meet with local health officials to discuss the status of the unspent moneys or the disputed use of the funds, or both.

(j) Notwithstanding any other provision of law, moneys made available for bioterrorism preparedness pursuant to this article in the 2001–02 fiscal year shall be available for expenditure and encumbrance until June 30, 2003. Moneys made available for bioterrorism preparedness pursuant to this article from July 1, 2002, to August 30, 2003, inclusive, shall be available for expenditure and encumbrance until August 30, 2004, subject to extension of the federal grant authority.

101319. Due to the need to rapidly implement, and to provide local health jurisdictions with timely funding for the purposes of, this article, funds appropriated in the annual Budget Act or some other act for purposes of this article for the 2002–03 fiscal year and subsequent fiscal years shall be allocated through the use of agreements, which shall not

be subject to Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code.

SEC. 3. The sum of fifty million eight hundred thousand dollars (\$50,800,000) is hereby appropriated from the Federal Trust Fund to the State Department of Health Services for allocation in accordance with the following schedule:

(a) The sum of twenty-five million four hundred thousand dollars (\$25,400,000) for purposes of implementing Article 6 (commencing with Section 101315) of Chapter 3 of Part 3 of Division 101 of the Health and Safety Code.

(b) The sum of twenty-five million four hundred thousand dollars (\$25,400,000) for purposes of allocating federal bioterrorism and public health preparedness funds to local health jurisdictions, and overseeing the expenditure of those funds, and for implementing state-level provisions of the federally approved collaborative state-local plan. Of this amount, nine million one hundred thousand dollars (\$9,100,000) shall be allocated to the Emergency Medical Services Authority for hospital bioterrorism preparedness activities.

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 best enhance California's preparedness for and response to the threat of terrorism and in order for the provisions of this act to be applicable in the entire 2002–03 fiscal year, thereby facilitating the orderly administration of state government at the earliest possible time, it is necessary that this act take effect immediately.

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## CHAPTER 394

An act to amend Section 6126 of the Business and Professions Code, relating to the practice of law.

[Approved by Governor September 5, 2002. Filed with  
Secretary of State September 6, 2002.]

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

SECTION 1. Section 6126 of the Business and Professions Code is amended to read:

6126. (a) Any person advertising or holding himself or herself out as practicing or entitled to practice law or otherwise practicing law who is not an active member of the State Bar, or otherwise authorized

pursuant to statute or court rule to practice law in this state at the time of doing so, is guilty of a misdemeanor punishable by up to one year in a county jail or by a fine of up to one thousand dollars (\$1,000), or by both that fine and imprisonment. Upon a second or subsequent conviction, the person shall be confined in a county jail for not less than 90 days, except in an unusual case where the interests of justice would be served by imposition of a lesser sentence or a fine. If the court imposes only a fine or a sentence of less than 90 days for a second or subsequent conviction under this subdivision, the court shall state the reasons for its sentencing choice on the record.

(b) Any person who has been involuntarily enrolled as an inactive member of the State Bar, or has been suspended from membership from the State Bar, or has been disbarred, or has resigned from the State Bar with charges pending, and thereafter practices or attempts to practice law, advertises or holds himself or herself out as practicing or otherwise entitled to practice law, is guilty of a crime punishable by imprisonment in the state prison or county jail. However, any person who has been involuntarily enrolled as an inactive member of the State Bar pursuant to paragraph (1) of subdivision (e) of Section 6007 and who knowingly thereafter practices or attempts to practice law, or advertises or holds himself or herself out as practicing or otherwise entitled to practice law, is guilty of a crime punishable by imprisonment in the state prison or county jail.

(c) The willful failure of a member of the State Bar, or one who has resigned or been disbarred, to comply with an order of the Supreme Court to comply with Rule 955, constitutes a crime punishable by imprisonment in the state prison or county jail.

(d) The penalties provided in this section are cumulative to each other and to any other remedies or penalties provided by 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.

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## CHAPTER 395

An act to amend Sections 25842.5, 53750, 53961, and 56036 of, and to repeal Article 4 (commencing with Section 25850) of Chapter 8 of

Division 2 of Title 3 of, the Government Code, to amend Sections 101285 and 106925 of, to add Section 116111 to, to add Chapter 1 (commencing with Section 2000) to, and to repeal Chapter 5 (commencing with Section 2200) of Division 3 of, the Health and Safety Code, relating to pest abatement.

[Approved by Governor September 5, 2002. Filed with Secretary of State September 6, 2002.]

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

SECTION 1. Section 25842.5 of the Government Code is amended to read:

25842.5. (a) The board of supervisors may provide the same services and exercise the powers of mosquito abatement districts or vector control districts formed pursuant to the Mosquito Abatement and Vector Control District Law, Chapter 1 (commencing with Section 2000) of Division 3 of the Health and Safety Code within both the unincorporated and incorporated territory of the county.

(b) Before exercising that authority within incorporated territory, the consent of the city council shall first be obtained. Before exercising the authority granted pursuant to this section, the board of supervisors shall hold a public hearing on the proposal. Notice of the hearing shall be given pursuant to Section 6061 in a newspaper of general circulation in the county.

SEC. 2. Article 4 (commencing with Section 25850) of Chapter 8 of Division 2 of Title 3 of the Government Code is repealed.

SEC. 3. Section 53750 of the Government Code is amended to read:  
53750. For purposes of Article XIII C and Article XIII D of the California Constitution and this article:

(a) "Agency" means any local government as defined in subdivision (b) of Section 1 of Article XIII C of the California Constitution.

(b) "Assessment" means any levy or charge by an agency upon real property that is based upon the special benefit conferred upon the real property by a public improvement or service, that is imposed to pay the capital cost of the public improvement, the maintenance and operation expenses of the public improvement, or the cost of the service being provided. "Assessment" includes, but is not limited to, "special assessment," "benefit assessment," "maintenance assessment," and "special assessment tax."

(c) "District" means an area that is determined by an agency to contain all of the parcels that will receive a special benefit from a proposed public improvement or service.

(d) “Drainage system” means any system of public improvements that is intended to provide for erosion control, landslide abatement, or for other types of water drainage.

(e) “Extended,” when applied to an existing tax or fee or charge, means a decision by an agency to extend the stated effective period for the tax or fee or charge, including, but not limited to, amendment or removal of a sunset provision or expiration date.

(f) “Flood control” means any system of public improvements that is intended to protect property from overflow by water.

(g) “Identified parcel” means a parcel of real property that an agency has identified as having a special benefit conferred upon it and upon which a proposed assessment is to be imposed, or a parcel of real property upon which a proposed property-related fee or charge is proposed to be imposed.

(h) (1) “Increased,” when applied to a tax, assessment, or property-related fee or charge, means a decision by an agency that does either of the following:

(A) Increases any applicable rate used to calculate the tax, assessment, fee or charge.

(B) Revises the methodology by which the tax, assessment, fee or charge is calculated, if that revision results in an increased amount being levied on any person or parcel.

(2) A tax, fee, or charge is not deemed to be “increased” by an agency action that does either or both of the following:

(A) Adjusts the amount of a tax or fee or charge in accordance with a schedule of adjustments, including a clearly defined formula for inflation adjustment that was adopted by the agency prior to November 6, 1996.

(B) Implements or collects a previously approved tax, or fee or charge, so long as the rate is not increased beyond the level previously approved by the agency, and the methodology previously approved by the agency is not revised so as to result in an increase in the amount being levied on any person or parcel.

(3) A tax, assessment, fee or charge is not deemed to be “increased” in the case in which the actual payments from a person or property are higher than would have resulted when the agency approved the tax, assessment, or fee or charge, if those higher payments are attributable to events other than an increased rate or revised methodology, such as a change in the density, intensity, or nature of the use of land.

(i) “Notice by mail” means any notice required by Article XIII C or XIII D of the California Constitution that is accomplished through a mailing, postage prepaid, deposited in the United States Postal Service and is deemed given when so deposited. Notice by mail may be included in any other mailing to the record owner that otherwise complies with



Article XIII C or XIII D of the California Constitution and this article, including, but not limited to, the mailing of a bill for the collection of an assessment or a property-related fee or charge.

(j) "Record owner" means the owner of a parcel whose name and address appears on the last equalized secured property tax assessment roll, or in the case of any public entity, the State of California, or the United States, means the representative of that public entity at the address of that entity known to the agency.

(k) "Registered professional engineer" means an engineer registered pursuant to the Professional Engineers Act (Chapter 7 (commencing with Section 6700) of Division 3 of the Business and Professions Code).

(l) "Vector control" means any system of public improvements or services that is intended to provide for the surveillance, prevention, abatement, and control of vectors as defined in subdivision (k) of Section 2002 of the Health and Safety Code and a pest as defined in Section 5006 of the Food and Agricultural Code.

(m) "Water" means any system of public improvements intended to provide for the production, storage, supply, treatment, or distribution of water.

SEC. 3.5. Section 53750 of the Government Code is amended to read:

53750. For purposes of Article XIII C and Article XIII D of the California Constitution and this article:

(a) "Agency" means any local government as defined in subdivision (b) of Section 1 of Article XIII C of the California Constitution.

(b) "Assessment" means any levy or charge by an agency upon real property that is based upon the special benefit conferred upon the real property by a public improvement or service, that is imposed to pay the capital cost of the public improvement, the maintenance and operation expenses of the public improvement, or the cost of the service being provided. "Assessment" includes, but is not limited to, "special assessment," "benefit assessment," "maintenance assessment," and "special assessment tax."

(c) "District" means an area that is determined by an agency to contain all of the parcels that will receive a special benefit from a proposed public improvement or service.

(d) "Division" means the Real Estate Services Division of the Department of General Services.

(e) "Drainage system" means any system of public improvements that is intended to provide for erosion control, landslide abatement, or for other types of water drainage.

(f) "Extended," when applied to an existing tax or fee or charge, means a decision by an agency to extend the stated effective period for



the tax or fee or charge, including, but not limited to, amendment or removal of a sunset provision or expiration date.

(g) "Flood control" means any system of public improvements that is intended to protect property from overflow by water.

(h) "Identified parcel" means a parcel of real property that an agency has identified as having a special benefit conferred upon it and upon which a proposed assessment is to be imposed, or a parcel of real property upon which a proposed property-related fee or charge is proposed to be imposed.

(i) (1) "Increased," when applied to a tax, assessment, or property-related fee or charge, means a decision by an agency that does either of the following:

(A) Increases any applicable rate used to calculate the tax, assessment, fee or charge.

(B) Revises the methodology by which the tax, assessment, fee or charge is calculated, if that revision results in an increased amount being levied on any person or parcel.

(2) A tax, fee, or charge is not deemed to be "increased" by an agency action that does either or both of the following:

(A) Adjusts the amount of a tax or fee or charge in accordance with a schedule of adjustments, including a clearly defined formula for inflation adjustment that was adopted by the agency prior to November 6, 1996.

(B) Implements or collects a previously approved tax, or fee or charge, so long as the rate is not increased beyond the level previously approved by the agency, and the methodology previously approved by the agency is not revised so as to result in an increase in the amount being levied on any person or parcel.

(3) A tax, assessment, fee or charge is not deemed to be "increased" in the case in which the actual payments from a person or property are higher than would have resulted when the agency approved the tax, assessment, or fee or charge, if those higher payments are attributable to events other than an increased rate or revised methodology, such as a change in the density, intensity, or nature of the use of land.

(j) "Notice by mail" means any notice required by Article XIII C or XIII D of the California Constitution that is accomplished through a mailing, postage prepaid, deposited in the United States Postal Service and is deemed given when so deposited. Notice by mail may be included in any other mailing to the record owner that otherwise complies with Article XIII C or XIII D of the California Constitution and this article, including, but not limited to, the mailing of a bill for the collection of an assessment or a property-related fee or charge.

(k) "Record owner" means the owner of a parcel whose name and address appears on the last equalized secured property tax assessment

roll, or in the case of any public entity, the State of California, or the United States, means the representative of that public entity at the address of that entity known to the agency.

(l) "Registered professional engineer" means an engineer registered pursuant to the Professional Engineers Act (Chapter 7 (commencing with Section 6700) of Division 3 of the Business and Professions Code).

(m) "Vector control" means any system of public improvements or services that is intended to provide for the surveillance, prevention, abatement, and control of vectors as defined in subdivision (k) of Section 2002 of the Health and Safety Code and a pest as defined in Section 5006 of the Food and Agricultural Code.

(n) "Water" means any system of public improvements intended to provide for the production, storage, supply, treatment, or distribution of water.

SEC. 4. Section 53961 of the Government Code is amended to read: 53961. The governing board of a public cemetery district organized pursuant to the public cemetery district laws in Part 4 (commencing with Section 8890) of Division 8 of the Health and Safety Code or the governing board of a mosquito abatement district or a vector control district organized pursuant to the Mosquito Abatement and Vector Control District Law, Chapter 1 (commencing with Section 2000) of Division 8 of the Health and Safety Code, may by resolution provide for the establishment of a revolving fund in an amount not to exceed 110 percent of one-twelfth of the district's adopted budget for that fiscal year. This fund, which shall replace the fund authorized in Section 53952, may be used to pay any authorized expenditures of the district. The resolution that established the district revolving fund shall conform with the designations required in Section 53952.

SEC. 5. Section 56036 of the Government Code is amended to read: 56036. (a) "District" or "special district" means an agency of the state, formed pursuant to general law or special act, for the local performance of governmental or proprietary functions within limited boundaries. "District" or "special district" includes a county service area, but excludes all of the following:

- (1) The state.
- (2) A county.
- (3) A city.
- (4) A school district or a community college district.
- (5) A special assessment district.
- (6) An improvement district.
- (7) A community facilities district formed pursuant to the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5.

(8) A permanent road division formed pursuant to Article 3 (commencing with Section 1160) of Chapter 4 of Division 2 of the Streets and Highways Code.

(9) An air pollution control district or an air quality maintenance district.

(10) A zone of a fire protection district, a mosquito abatement and vector control district, or a recreation and park district.

(b) Except as otherwise provided in paragraph (1), each of the entities listed in paragraph (1) is a “district” or a “special district” for the purposes of this division.

(1) For the purposes of Chapter 1 (commencing with Section 57000) to Chapter 7 (commencing with Section 57175), inclusive, of Part 4 or Part 5 (commencing with Section 57300), none of the following entities is a “district” or a “special district:”

(A) A unified or union high school library district.

(B) A bridge and highway district.

(C) A joint highway district.

(D) A transit or rapid transit district.

(E) A metropolitan water district.

(F) A separation of grade district.

(2) Any proceedings pursuant to Part 4 (commencing with Section 57000) for a change of organization involving an entity described in paragraph (1) shall be conducted pursuant to the principal act authorizing the establishment of that entity.

(c) Except as otherwise provided in paragraph (1), each of the entities listed in paragraph (1) is a “district” or “special district” for purposes of this division.

(1) For the purposes of Chapter 1 (commencing with Section 57000) to Chapter 7 (commencing with Section 57175), inclusive, of Part 4 or Part 5 (commencing with Section 57300), none of the following entities is a “district” or “special district” if the commission of the principal county determines, in accordance with Sections 56127 and 56128, that the entity is not a “district” or “special district.”

(A) A flood control district.

(B) A flood control and floodwater conservation district.

(C) A flood control and water conservation district.

(D) A conservation district.

(E) A water conservation district.

(F) A water replenishment district.

(G) The Orange County Water District.

(H) A California water storage district.

(I) A water agency.

(J) A county water authority or a water authority.

(2) If the commission determines that an entity described in paragraph (1) is not a "district" or "special district," any proceedings pursuant to Part 4 (commencing with Section 57000) for a change of organization involving the entity shall be conducted pursuant to the principal act authorizing the establishment of that entity.

SEC. 6. Chapter 1 (commencing with Section 2000) is added to Division 3 of the Health and Safety Code, to read:

CHAPTER 1. MOSQUITO ABATEMENT AND VECTOR CONTROL  
DISTRICTS

Article 1. General Provisions

2000. This chapter shall be known and may be cited as the Mosquito Abatement and Vector Control District Law.

2001. (a) The Legislature finds and declares all of the following:

(1) California's climate and topography support a wide diversity of biological organisms.

(2) Most of these organisms are beneficial, but some are vectors of human disease pathogens or directly cause other human diseases such as hypersensitivity, envenomization, and secondary infections.

(3) Some of these diseases, such as mosquito-borne viral encephalitis, can be fatal, especially in children and older individuals.

(4) California's connections to the wider national and international economies increase the transport of vectors and pathogens.

(5) Invasions of the United States by vectors such as the Asian tiger mosquito and by pathogens such as the West Nile virus underscore the vulnerability of humans to uncontrolled vectors and pathogens.

(b) The Legislature further finds and declares:

(1) Individual protection against the vectorborne diseases is only partially effective.

(2) Adequate protection of human health against vectorborne diseases is best achieved by organized public programs.

(3) The protection of Californians and their communities against the discomforts and economic effects of vectorborne diseases is an essential public service that is vital to public health, safety, and welfare.

(4) Since 1915, mosquito abatement and vector control districts have protected Californians and their communities against the threats of vectorborne diseases.

(c) In enacting this chapter, it is the intent of the Legislature to create and continue a broad statutory authority for a class of special districts with the power to conduct effective programs for the surveillance, prevention, abatement, and control of mosquitoes and other vectors.

(d) It is also the intent of the Legislature that mosquito abatement and vector control districts cooperate with other public agencies to protect the public health, safety, and welfare. Further, the Legislature encourages local communities and local officials to adapt the powers and procedures provided by this chapter to meet the diversity of their own local circumstances and responsibilities.

2002. As used in this chapter:

(a) "Abate" means to put an end to a public nuisance, or to reduce the degree or the intensity of a public nuisance.

(b) "Board of trustees" means the legislative body of a district.

(c) "City" means any city, whether general law or chartered, including a city and county, and including any city the name of which includes the word "town."

(d) "Control" means to prevent or reduce vectors.

(e) "Department" means the State Department of Health Services.

(f) "District" means any mosquito abatement and vector control district created pursuant to this chapter or any of its statutory predecessors.

(g) "Principal county" means the county having all or the greater portion of the entire assessed value, as shown on the last equalized assessment roll of the county or counties, of all taxable property within a district at the time of formation.

(h) "Property" means land and improvements, and includes water.

(i) "Public agency" means any state agency, board, or commission, including the California State University and the University of California, any county, city and county, city, regional agency, school district, special district, redevelopment agency, or other political subdivision.

(j) "Public nuisance" means any of the following:

(1) Any property, excluding water, that has been artificially altered from its natural condition so that it now supports the development, attraction, or harborage of vectors. The presence of vectors in their developmental stages on a property is prima facie evidence that the property is a public nuisance.

(2) Any water that is a breeding place for vectors. The presence of vectors in their developmental stages in the water is prima facie evidence that the water is a public nuisance.

(3) Any activity that supports the development, attraction, or harborage of vectors, or that facilitates the introduction or spread of vectors.

(k) "Vector" means any animal capable of transmitting the causative agent of human disease or capable of producing human discomfort or injury, including, but not limited to, mosquitoes, flies, mites, ticks, other arthropods, and rodents and other vertebrates.

(l) “Voter” means a voter as defined by Section 359 of the Elections Code.

2003. (a) This chapter provides the authority for the organization and powers of mosquito abatement and vector control districts. This chapter succeeds the former Chapter 5 (commencing with Section 2200) as added by Chapter 60 of the Statutes of 1939, as subsequently amended, and any of its statutory predecessors.

(b) Any mosquito abatement and vector control district formed pursuant to the former Chapter 5 (commencing with Section 2200) or any of its statutory predecessors that was in existence on January 1, 2003, shall remain in existence as if it had been organized pursuant to this chapter. Any zone of a mosquito abatement and vector control district formed pursuant to former Section 2291 to former Section 2291.4, inclusive, and any of their statutory predecessors that was in existence on January 1, 2003, shall remain in existence as if it had been formed pursuant to this chapter.

(c) Any indebtedness, special tax, benefit assessment, fee, election, ordinance, resolution, regulation, rule, or any other action of a district taken pursuant to the former Chapter 5 (commencing with Section 2200) or any of its statutory predecessors that was taken before January 1, 2003, shall not be voided solely because of any error, omission, informality, misnomer, or failure to comply strictly with this chapter.

2004. This chapter is necessary to protect the public health, safety, and welfare, and shall be liberally construed to effectuate its purposes.

2005. If any provision of this chapter or the application of any provision of this chapter in any circumstance or to any person, city, county, special district, school district, the state, or any agency or subdivision of the state, including the California State University and the University of California, is held invalid, that invalidity shall not affect other provisions or applications of this chapter that can be given effect without the invalid provision or application of the invalid provision, and to this end the provisions of this chapter are severable.

2006. (a) Any action to determine the validity of either the organization, or any action, of a district shall be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

(b) Any judicial review of an action taken pursuant to this chapter shall be conducted pursuant to Chapter 2 (commencing with Section 1084) of Title 1 of Part 3 of the Code of Civil Procedure.

2007. (a) Except as provided in this section, territory, whether incorporated or unincorporated, whether contiguous or noncontiguous, may be included in a district. Territory that is already within a mosquito abatement and vector control district formed pursuant to this chapter

may not be included within another mosquito abatement and vector control district.

(b) Except as otherwise provided in this chapter, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Division 3 (commencing with Section 56000) of Title 5 of the Government Code, shall govern any change of organization or reorganization of a district. In the case of any conflict between that division and this chapter, the provisions of this chapter shall prevail.

(c) A district shall be deemed an "independent special district," as defined by Section 56044 of the Government Code.

## Article 2. Formation

2010. A new district may be formed pursuant to this article.

2011. (a) A proposal to form a new district may be made by petition. The petition shall do all of the things required by Section 56700 of the Government Code. In addition, the petition shall:

(1) Set forth the methods by which the district will be financed, including, but not limited to, special taxes, special benefit assessments, and fees.

(2) Propose a name for the district.

(3) Specify the size of the initial board of trustees and the method of their appointment.

(b) The petitions, the proponents, and the procedures for certifying the sufficiency of the petitions shall comply with Chapter 2 (commencing with Section 56700) of Part 3 of Division 3 of Title 5 of the Government Code. In the case of any conflict between Chapter 2 (commencing with Section 56700) of Part 3 of Division 3 of Title 5 of the Government Code and this article, the provisions of this article shall prevail.

(c) The petition shall be signed by not less than 25 percent of the registered voters residing in the area to be included in the district, as determined by the local agency formation commission.

2012. (a) Before circulating any petition, the proponents shall publish a notice of intention that includes a written statement not to exceed 500 words in length, setting forth the reasons for forming the district and the methods by which the district will be financed. The notice shall be published pursuant to Section 6061 of the Government Code in one or more newspapers of general circulation within the territory proposed to be included in the district. If the territory proposed to be included in 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 of the counties.



(b) The following shall be signed by a representative of the proponent, 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 proposing to form the \_\_\_\_\_ (name of the district). The reasons for forming the proposed district are: \_\_\_\_\_. The method(s) by which the proposed district will be financed are: \_\_\_\_\_.”

(c) Within five days after the date of publication, the proponents shall file with the executive officer of the local agency formation commission of the principal county 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 the publication.

(d) After the filing required pursuant to subdivision (c), the petition may be circulated for signatures.

2013. (a) A proposal to form a new district may also be made by the adoption of a resolution of application by the legislative body of any county or city that contains the territory proposed to be included in the district. Except for the provisions regarding the signers, signatures, and the proponents, a resolution of application shall contain all of the matters required for inclusion in a petition in Section 2011.

(b) Before adopting a resolution of application, the legislative body shall hold a public hearing on the resolution. Notice of the hearing shall be published pursuant to Section 6061 of the Government Code in one or more newspapers of general circulation within the county or city. At least 20 days before the hearing, the legislative body shall give mailed notice of its hearing to the executive officer of the local agency formation commission of the principal county. The notice shall generally describe the proposed formation of the district and the territory proposed to be included in the district.

(c) At the hearing required by subdivision (b), the legislative body shall give any person an opportunity to present his or her views on the resolution.

(d) The clerk of the legislative body shall file a certified copy of the resolution of application with the executive officer of the local agency formation commission of the principal county.

2014. (a) Once the proponents have filed a sufficient petition or a legislative body has filed a resolution of application, the local agency formation commission shall proceed pursuant to Part 3 (commencing with Section 56650) of Division 3 of Title 5 of the Government Code.



(b) If the local agency formation commission approves the proposal for the formation of a district, then, notwithstanding Section 57007 of the Government Code, the commission shall proceed pursuant to Part 4 (commencing with Section 57000) of Division 3 of Title 5 of the Government Code.

(c) Notwithstanding Section 57075 of the Government Code, the local agency formation commission shall take one of the following actions:

(1) If a majority protest exists in accordance with Section 57078 of the Government Code, the commission shall terminate proceedings.

(2) If no majority protest exists, the commission shall either:

(A) Order the formation without an election.

(B) Order the formation subject to the approval by the voters of a special tax or the approval by the property owners of a special benefit assessment.

(d) If the local agency formation commission orders the formation of a district pursuant to subparagraph (B) of paragraph (2) of subdivision (c), the commission shall direct the board of supervisors to direct county officials to conduct the necessary elections on behalf of the proposed district.

### Article 3. Boards of Trustees and Officers

2020. A legislative body of at least five members known as the board of trustees shall govern every district. The board of trustees shall establish policies for the operation of the district. The board of trustees shall provide for the faithful implementation of those policies which is the responsibility of the employees of the district.

2021. Within 30 days after the effective date of the formation of a district, a board of trustees shall be appointed as follows:

(a) In the case of a district that contains only unincorporated territory in a single county, the board of supervisors shall appoint five persons to the board of trustees.

(b) In the case of a district that is located entirely within a single county and contains both incorporated territory and unincorporated territory, the board of supervisors may appoint one person to the board of trustees, and the city council of each city that is located in whole or in part within the district may appoint one person to the board of trustees. If those appointments result in a board of trustees with less than five trustees, the board of supervisors shall appoint enough additional persons to make a board of trustees of five members.

(c) In the case of a district that contains only unincorporated territory in more than one county, the board of supervisors of each county may appoint one person to the board of trustees. If those appointments result

in a board of trustees with less than five persons, the board of supervisors of the principal county shall appoint enough additional persons to make a board of trustees of five members.

(d) In the case of a district that is located in two or more counties and contains both incorporated territory and unincorporated territory, the board of supervisors of each county may appoint one person to the board of trustees, and the city council of each city that is located in whole or part within the district may appoint one person to the board of trustees. If those appointments result in less than five persons, the board of supervisors of the principal county shall appoint enough additional persons to make a board of trustees of five members.

2022. (a) Each person appointed by a board of supervisors to be a member of a board of trustees shall be a voter in that county and a resident of that portion of the county that is within the district.

(b) Each person appointed by a city council to be a member of a board of trustees shall be a voter in that city and a resident of that portion of the city that is within the district.

(c) Notwithstanding any other provision of law including the common law doctrine that precludes the simultaneous holding of incompatible offices, a member of a city council may be appointed and may serve as a member of a board of trustees if that person also meets the other applicable qualifications of this chapter.

(d) It is the intent of the Legislature that persons appointed to boards of trustees have experience, training, and education in fields that will assist in the governance of the districts.

(e) All trustees shall exercise their independent judgment on behalf of the interests of the residents, property owners, and the public as a whole in furthering the purposes and intent of this chapter. The trustees shall represent the interests of the public as a whole and not solely the interests of the board of supervisors or the city council that appointed them.

2023. (a) The initial board of trustees of a district formed on or after January 1, 2003, shall be determined pursuant to this section.

(b) The persons appointed to the initial board of trustees shall meet on the first Monday after 45 days after the effective date of the formation of the district.

(c) At the first meeting of the initial board of trustees, the trustees shall classify themselves by lot into two classes, as nearly equal as possible. The term of office of the class having the greater number shall expire at noon on the first Monday in January that is closest to the second year from the appointments made pursuant to Section 2021. The term of office of the class having the lesser number shall expire at noon on the first Monday in January that is closest to the first year from the appointments made pursuant to Section 2021.

2024. (a) Except as provided in Section 2023, the term of office for a member of the board of trustees shall be for a term of two or four years, at the discretion of the appointing authority. Terms of office commence at noon on the first Monday in January.

(b) Any vacancy in the office of a member appointed to a board of trustees shall be filled pursuant to Section 1779 of the Government Code. Any person appointed to fill a vacant office shall fill the balance of the unexpired term.

2025. (a) Under no circumstances shall a board of trustees consist of less than five members. Except as provided in Section 2026, the number of members who represent the unincorporated territory of a county may not exceed five members.

(b) A board of trustees may adopt a resolution requesting the board of supervisors of any county that contains territory within the district to increase or decrease the number of members of the board of trustees who represent the unincorporated territory of that county within the district. The resolution shall specify the number of members and the areas of the unincorporated territory for which the board of trustees requests the increase or decrease.

(c) Within 60 days of receiving a resolution adopted pursuant to subdivision (b), the board of supervisors shall order the increase or decrease in the number of members of the board of trustees, consistent with the board of trustees' resolution.

(d) If the board of supervisors orders an increase in the number of members of the board of trustees, the board of supervisors shall appoint a person or persons to the board of trustees and specify their term of office, consistent with the requirements of this chapter. If the board of supervisors orders a decrease in the number of members of the board of trustees, the board of supervisors shall designate the trustee or trustees whose office shall be eliminated at the termination of the trustee's current term of office. Any trustee whose office is designated to be eliminated shall continue to serve until his or her term of office expires.

2026. (a) A local agency formation commission, in approving either a consolidation of districts or the reorganization of two more districts into a single district, may, pursuant to subdivisions (k) and (n) of Section 56886 of the Government Code, change the number of members on the board of trustees of the consolidated or reorganized district, provided that the resulting number of trustees shall be an odd number but not less than five.

(b) Upon the expiration of the terms of the members of the board of trustees 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 trustees

shall be reduced until the number equals the number of members determined by the local agency formation commission.

(c) Notwithstanding subdivision (b) of Section 2024, in the event of a vacancy on the board of trustees of the consolidated or reorganized district at a time when the number of members of the board of trustees is greater than the number determined by the local agency formation commission, the vacancy shall not be filled and the membership of the board of trustees shall be reduced by one member.

2027. (a) At the first meeting of the initial board of trustees of a newly formed district, and in the case of an existing district at the first meeting in January every year or every other year, the board of trustees shall elect its officers.

(b) The officers of a board of trustees are a president and a secretary. The president shall be a trustee. The secretary may be either a trustee or a district employee. A board of trustees may create additional officers and elect members to those positions. No trustee shall hold more than one office.

(c) Except as provided in Section 2077, the county treasurer of the principal county shall act as the district treasurer. The county treasurer shall receive no compensation for the receipt and disbursement of money of the district.

2028. A board of trustees shall meet at least once every three months. Meetings of the board of trustees are subject to the provisions of the Ralph M. Brown Act, Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code.

2029. (a) A majority of the board of trustees shall constitute a quorum for the transaction of business.

(b) Except as otherwise specifically provided to the contrary in this chapter, a recorded vote of a majority of those trustees present and voting is required on each action.

(c) The board of trustees shall act only by ordinance, resolution, or motion.

(d) The board of trustees shall keep a record of all of its acts, including financial transactions.

(e) The board of trustees shall adopt rules for its proceedings.

2030. (a) The members of the board of trustees shall serve without compensation.

(b) The members of the board of trustees may receive their actual and necessary traveling and incidental expenses incurred while on official business. In lieu of paying for actual expenses, the board of trustees may by resolution provide for the allowance and payment to each trustee a sum not to exceed one hundred dollars (\$100) per month for expenses incurred while on official business. A trustee may waive the payments permitted by this subdivision.

(c) Notwithstanding subdivision (a), the secretary of the board of trustees may receive compensation in an amount determined by the board of trustees.

#### Article 4. Powers

2040. Within the district's boundaries or in territory that is located outside the district from which vectors and vectorborne diseases may enter the district, a district may do all of the following:

(a) Conduct surveillance programs and other appropriate studies of vectors and vectorborne diseases.

(b) Take any and all necessary or proper actions to prevent the occurrence of vectors and vectorborne diseases.

(c) Take any and all necessary or proper actions to abate or control vectors and vectorborne diseases.

(d) Take any and all actions necessary for or incidental to the powers granted by this chapter.

2041. A district shall have and may exercise all rights and powers, expressed or implied, necessary to carry out the purposes and intent of this chapter, including, but not limited to, all of the following powers:

(a) To sue and be sued.

(b) To acquire by purchase, eminent domain, or other lawful means, any real property within the district or any personal property that may be necessary or proper to carry out the purposes and intent of this chapter.

(c) To sell, lease, or otherwise dispose of any real or personal property. Every sale of property shall be to the highest bidder. The board shall publish notice of the sale pursuant to Section 6066 of the Government Code. A board of trustees may exchange equivalent properties if the board determines that the exchange is in the best interests of the district.

(d) To donate any surplus real or personal property to any public agency or nonprofit organization.

(e) To purchase the supplies and materials, employ the personnel, and contract for the services that may be necessary or proper to carry out the purposes and intent of this chapter.

(f) To build, repair, and maintain on any land the dikes, levees, cuts, canals, or ditches that may be necessary or proper to carry out the purposes and intent of this chapter.

(g) To contract to indemnify or compensate any property owner for any injury or damage necessarily caused by the use or taking of real or personal property for dikes, levees, cuts, canals, or ditches.

(h) To engage necessary personnel, to define their qualifications and duties, and to provide a schedule of compensation for the performance of their duties.

- (i) To engage counsel and other professional services.
- (j) To adopt a seal and alter it at pleasure.
- (k) To provide insurance pursuant to Part 6 (commencing with Section 989) of Division 3.6 of Title 1 of the Government Code.
- (l) To participate in, review, comment, and make recommendations regarding local, state, or federal land use planning and environmental quality processes, documents, permits, licenses, and entitlements for projects and their potential effects on the purposes and intent of this chapter.
- (m) To take any and all actions necessary for, or incidental to, the powers expressed or implied by this chapter.

2042. When acquiring, improving, or using any real property, a district shall comply with Article 5 (commencing with Section 53090) of Chapter 1 of Part 1 of Division 2 of Title 5, and Article 7 (commencing with Section 65400) of Chapter 1 of Division 1 of Title 7 of the Government Code.

2043. (a) A district shall have perpetual succession.

(b) A board of trustees may, by a two-thirds vote of its total membership, adopt a resolution to change the name of the district. The name shall contain the words "mosquito abatement district," "vector control district," "mosquito and vector control district," "mosquito control district," or "vector management district." The resolution shall comply with the requirements of Chapter 23 (commencing with Section 7530) of Division 7 of Title 1 of the Government Code. Within 10 days of its adoption, the board of trustees shall file a copy of its resolution with the Secretary of State, the county clerk, the board of supervisors, and the local agency formation commission of each county in which the district is located.

(c) Unless another provision of law requires a longer retention period, a district may destroy or otherwise dispose of any paper or electronic document filed with, or submitted to, the district after one year unless the board of trustees determines that there is a need for its retention. In determining whether there is a need for retaining a document, the board of trustees shall consider future public need, the effect on statutes of limitation, and historical significance.

2044. (a) A district may cooperate with any public agency or federal agency to carry out the purposes and intent of this chapter. To that end, a district may enter into agreements with those other public agencies or federal agencies to take any and all actions necessary or convenient for carrying out the purposes and intent of this chapter.

(b) A district may jointly acquire, construct, improve, maintain, and operate any facilities, projects, or programs with any other public agency or federal agency to carry out the purposes and intent of this chapter.

Nothing in this chapter shall be construed to prohibit any joint or cooperative action with other public agencies or federal agencies.

(c) A district may enter into joint powers agreements pursuant to the Joint Exercise of Powers Act, Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code.

2045. A district may contract with other public agencies and federal agencies to provide any service, project, or program authorized by this chapter within the district's boundaries. A district may contract with other public agencies and federal agencies to provide any service, project, or program authorized by this chapter within the boundaries of the other public agencies and federal agencies.

2046. (a) Each district shall adopt policies and procedures, including bidding regulations, governing the purchase of supplies and equipment. Each district shall adopt these policies and procedures by rule or regulation pursuant to Article 7 (commencing with Section 54201) of Chapter 5 of Division 2 of Title 5 of the Government Code.

(b) A district may request the State Department of General Services to make purchases of materials, equipment, or supplies on its behalf pursuant to Section 10298 of the Public Contract Code.

(c) A district may request the purchasing agent of the principal county to make purchases on materials, equipment, or supplies on its behalf pursuant to Article 7 (commencing with Section 25500) of Chapter 5 of Division 2 of Title 3 of the Government Code.

(d) A district may request the purchasing agent of the principal county to contract with persons to provide services, projects, and programs authorized by this chapter pursuant to Article 7 (commencing with Section 25500) of Chapter 5 of Division 2 of Title 3 of the Government Code.

2047. Any person who restrains, hinders, obstructs, or threatens any officer or employee of a district in the performance of that person's duties, or any person who interferes with any work done by, or under the direction of, the district is guilty of a misdemeanor.

2048. (a) The Meyers-Milias-Brown Act, Chapter 10 (commencing with Section 3500) of Division 4 of Title 1 of the Government Code applies to all districts.

(b) A board of trustees may adopt an ordinance establishing an employee relations system that may include, but is not limited to, a civil service system or a merit system.

2049. A board of trustees may require any employee or officer to be bonded. The district shall pay the cost of the bonds.

2050. A board of trustees may provide for any programs for the benefit of its employees and members of the board of trustees pursuant to Chapter 2 (commencing with Section 53200) of Part 1 of Division 2 of Title 5 of the Government Code.



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.

2052. (a) Pursuant to Article 4 (commencing with Section 106925) of Chapter 4 of Part 1 of Division 104, every district employee who handles, applies, or supervises the use of any pesticide for public health purposes shall be certified by the department as a vector control technician in at least one of the following categories commensurate with the assigned duties:

- (1) Mosquito control.
- (2) Terrestrial invertebrate vector control.
- (3) Vertebrate vector control.

(b) The department may establish, by regulation, exemptions from the requirements of this section that the department deems reasonably necessary to further the purposes of this section.

2053. (a) A district may request an inspection and abatement warrant pursuant to Title 13 (commencing with Section 1822.50) of Part 3 of the Code of Civil Procedure. A warrant issued pursuant to this section shall apply only to the exterior of places, dwellings, structures, and premises. The warrant shall state the geographic area which it covers and shall state its purposes. A warrant may authorize district employees to enter property only to do the following:

- (1) Inspect to determine the presence of vectors or public nuisances.
- (2) Abate public nuisances, either directly or by giving notice to the property owner to abate the public nuisance.
- (3) Determine if a notice to abate a public nuisance has been complied with.
- (4) Control vectors and treat property with appropriate physical, chemical, or biological control measures.

(b) Subject to the limitations of the United States Constitution and the California Constitution, employees of a district may enter any property, either within the district or property that is located outside the district from which vectors may enter the district, without hindrance or notice for any of the following purposes:

- (1) Inspect the property to determine the presence of vectors or public nuisances.
- (2) Abate public nuisances pursuant to this chapter, either directly or by giving notice to the property owner to abate the public nuisance.
- (3) Determine if a notice to abate a public nuisance has been complied with.



(4) Control vectors and treat property with appropriate physical, chemical, or biological control measures.

2054. Whenever the boundaries of a district or a zone change, or whenever the board of trustees levies a special tax or a special benefit assessment, the district shall comply with Chapter 8 (commencing with Section 54900) of Part 1 of Division 2 of Title 5 of the Government Code.

2055. (a) In any dispute between a district and another public agency over the need to prevent, abate, or control, or the methods and materials used to prevent, abate, or control vectors or vectorborne diseases, the district or the other public agency may appeal the decision to the director of the department within 10 days of the decision.

(b) Within 30 days of receiving an appeal pursuant to subdivision (a), the director of the department shall consult with the affected agencies, take written and oral testimony, decide the appeal, and convey the decision to the affected agencies. The director's decision shall be consistent with the purposes of this chapter. The decision of the director of the department shall be final and conclusive.

#### Article 5. Abatement

2060. (a) A district may abate a public nuisance pursuant to this article.

(b) The person or agency claiming ownership, title, or right to property or who controls the diversion, delivery, conveyance, or flow of water shall be responsible for the abatement of a public nuisance that is caused by, or as a result of, that property or the diversion, delivery, conveyance, or control of that water.

2061. (a) Whenever a public nuisance exists on any property within a district or on any property that is located outside the district from which vectors may enter the district, the board of trustees may notify the owner of the property of the existence of the public nuisance.

(b) The notice required by subdivision (a) shall do all of the following:

(1) State that a public nuisance exists on the property, describe the public nuisance, and describe the location of the public nuisance on the property.

(2) Direct the owner of the property to abate the nuisance within a specified time.

(3) Direct the owner of the property to take any necessary action within a specified time to prevent the recurrence of the public nuisance.

(4) Inform the owner of the property that the failure to comply with the requirements of the notice within the specified times may result in

the district taking the necessary actions, and that the owner shall be liable for paying the costs of the district's actions.

(5) Inform the owner of the property that the failure to comply with the requirements of the notice within the specified times may result in the imposition of civil penalties of up to one thousand dollars (\$1,000) per day for each day that the public nuisance continues after the specified times.

(6) Inform the owner of the property that before complying with the requirements of the notice, the owner may appear at a hearing of the board of trustees at a time and place stated in the notice.

(c) The board of trustees shall cause the notice required by subdivision (a) to be served on the owner of the property in the same manner as a summons in a civil action. If, after a diligent search, the notice cannot be served on the owner of the property, the board of trustees shall cause the notice to be posted in a conspicuous place on the property for not less than 10 days before the hearing. Not less than 10 days before the hearing, the board of trustees shall also cause a copy of the notice to be mailed by certified mail to the owner of the property at the address shown on the most recent assessment roll of the county in which the property is located.

(d) At the hearing before the board of trustees at the time and place stated in the notice, the board of trustees shall accept written and oral testimony from the property owner and other persons. At the close of the hearing, the board of trustees shall find, based on substantial evidence in the record, whether a public nuisance exists on the property. If the board of trustees finds that a public nuisance exists, the board of trustees shall order the owner of the property to abate the public nuisance and to take other necessary actions to prevent the recurrence of the public nuisance. The board of trustees shall specify a reasonable time by which the owner of the property shall comply with these requirements.

(e) If the owner of the property does not abate the public nuisance and take the necessary actions to prevent the recurrence of the public nuisance within the time specified by the board of trustees, the district may abate the public nuisance and take the necessary actions to prevent the recurrence of the public nuisance. In addition, the board of trustees may impose civil penalties pursuant to Section 2063.

2062. (a) A board of trustees shall not declare an agricultural operation to be a public nuisance because of the presence of immature flies if the board determines that the agricultural operation is designed and managed consistent with the accepted standards and practices for controlling fly development on similar agricultural operations.

(b) As used in this section, "accepted standards and practices" means those standards and practices determined by the University of California Cooperative Extension, the department, or local public health agencies.

These standards and practices include, but are not limited to, all of the following:

(1) Property design and layout of the agricultural operation to minimize the opportunity for fly development.

(2) A comprehensive system for manure management to include storage, removal, and disposal.

(3) A comprehensive system for green waste management to include storage, removal, and disposal.

(4) An integrated pest management program to control the development and harborage of flies, including the components of surveillance, management, containment, and control.

2063. In addition to abating the public nuisance and taking any necessary actions to prevent the recurrence of the public nuisance, a board of trustees may impose a civil penalty on the owner of the property for failure to comply with the requirements of Section 2061. The civil penalty may not exceed one thousand dollars (\$1,000) per day for each day that the owner of the property fails to comply with the district's requirements.

2064. A board of trustees may consider any recurrence of a public nuisance abated pursuant to Section 2061 to be a continuation of the original public nuisance.

2065. (a) The owner of the property abated pursuant to Section 2061 shall pay the district for the cost of abating the public nuisance and the cost of any necessary actions to prevent the recurrence of the public nuisance. The owner shall also pay any civil penalty imposed pursuant to Section 2063.

(b) If the owner of the property fails to pay the district's costs within 60 days, the board of trustees may order the costs and any civil penalties charged and collected against the property. The charge shall be collected at the same time and in the same manner as ordinary county taxes are collected, and shall be subject to the same penalties and the same procedure and sale in case of delinquency as are provided for ordinary county taxes. All laws applicable to the levy, collection, and enforcement of county taxes are applicable to the costs and civil penalties charged and collected against the property.

(c) If the board of trustees charges the costs and any civil penalties against the parcel, the board of trustees may also cause the notice of abatement lien to be recorded. The notice shall, at a minimum, identify the record owner of the property, set forth the last known address of the record owner, set forth the date upon which the abatement of the public nuisance was ordered by the board of trustees, set forth the date upon which the abatement and any necessary actions to prevent the recurrence of the public nuisance was complete, and include a description of the real

property subject to the lien and the amount of the cost and any civil penalties.

(d) However, if the board of trustees does not cause the recordation of a notice of abatement lien pursuant to subdivision (c), and any real property to which the costs and any civil penalties relate has been transferred or conveyed to a bona fide purchaser for value, or a lien on a bona fide encumbrancer for value has been created and attaches to that property, prior to the date on which the first installment of county taxes would become delinquent, then the cost and any civil penalties may not result in a lien against that real property but shall be transferred to the unsecured roll for collection.

(e) Recordation of a notice of abatement lien pursuant to subdivision (c) shall have the same effect as recordation of an abstract of a money judgment recorded pursuant to Article 2 (commencing with Section 697.310) of Chapter 2 of Division 2 of Title 9 of Part 2 of the Code of Civil Procedure. The lien created shall have the same priority as a judgment lien on real property and shall continue in effect until released. Upon order of the board of trustees, an abatement lien created under this section may be released or subordinated in the same manner as a judgment lien on real property may be released or subordinated.

2066. The lien provisions of this article shall not apply to property owned by a public agency. Notwithstanding Section 6103 of the Government Code or any other provision of law, a public agency shall pay the district for the cost of abating the public nuisance, the cost of any necessary actions to prevent the recurrence of the public nuisance, and any civil penalties.

2067. Any money collected by a county from a lien authorized pursuant to this article, other than the amounts authorized pursuant to Section 29304 of the Government Code, shall be paid to the district.

## Article 6. Finances

2070. (a) On or before August 1 of each year, the board of trustees shall adopt a final budget, which shall conform to the accounting and budgeting procedures for special districts contained in Subchapter 3 (commencing with Section 1031.1) of, and Article 1 (commencing with Section 1121) of Subchapter 4 of Division 2 of Title 2 of the California Code of Regulations. The board of trustees may divide the annual budget into categories, including, but not limited to:

- (1) Maintenance and operation.
- (2) Employee compensation.
- (3) Capital outlay.
- (4) Interest and redemption for indebtedness.
- (5) Restricted reserve for public health emergencies.

- (6) Restricted reserve for capital and asset preservation.
- (7) Restricted reserve for contingencies.
- (8) Unallocated general reserve.

(b) The board of trustees shall forward a copy of the final budget to the auditor of each county in which the district is located.

2071. (a) In its annual budget, the board of trustees may establish one or more restricted reserves. When the board of trustees establishes a restricted reserve, it shall declare the exclusive purposes for which the funds in the reserve may be spent. The funds in the restricted reserve shall be spent only for the exclusive purposes for which the board of trustees established the restricted reserve. The reserves shall be maintained according to generally accepted accounting principles.

(b) Any time after the establishment of a restricted reserve, the board of trustees may transfer any funds to that restricted reserve.

(c) Notwithstanding any other provision of this section, in a public health emergency, a board of trustees may, by majority vote of the total membership of the board of trustees, temporarily transfer funds from other restricted reserves to the restricted reserve for public health emergencies.

(d) If the board of trustees finds that the funds in a restricted reserve are no longer required for the purpose for which the restricted reserve was established, the board of trustees may, by a four-fifths vote of the total membership of the board of trustees, discontinue the restricted reserve or transfer the funds that are no longer required from the restricted reserve to the district's general fund.

2072. (a) On or before July 1 of each year, the board of trustees shall adopt a resolution establishing its appropriations limit and make other necessary determinations for the following fiscal year pursuant to Article XIII B of the California Constitution and Division 9 (commencing with Section 7900) of the Government Code.

(b) Pursuant to subdivision (c) of Section 9 of Article XIII B of the California Constitution, this section shall not apply to a district which existed on January 1, 1978, and that did not as of the 1977-78 fiscal year levy an ad valorem tax on property in excess of twelve and one-half cents (\$.125) per one hundred dollars (\$100) of assessed value.

2073. The auditor of each county in which a district is located shall allocate to the district its share of property tax revenue pursuant to Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code.

2074. (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 of the Government Code.

2075. All claims for money or damages against a district are governed by Part 3 (commencing with Section 900) and Part 4 (commencing with Section 940) of Division 3.6 of Title 1 of the Government Code.

2076. (a) All claims against a district shall be audited, allowed, and paid by the board of trustees by warrants drawn on the county treasurer.

(b) As an alternative to subdivision (a), the board of trustees may instruct the county treasurer to audit, allow, and draw his or her warrant on the county treasury for all legal claims presented to him or her and authorized by the board of trustees.

(c) The county treasurer shall pay the warrants in the order in which they are presented.

(d) If a warrant is presented for payment and the county treasurer cannot pay it for want of funds in the account on which it is drawn, the treasurer shall endorse the warrant, "NOT PAID BECAUSE OF INSUFFICIENT FUNDS" and sign his or her name and the date and time the warrant was presented. From that time until it is paid, the warrant bears interest at the maximum rate permitted pursuant to Article 7 (commencing with Section 53530) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code.

2077. (a) Notwithstanding Section 2076, a district that has total annual revenues greater than two hundred fifty thousand dollars (\$250,000) may withdraw its funds from the control of the county treasurer pursuant to this section.

(b) The board of trustees shall adopt a resolution that does each of the following:

(1) States its intent to withdraw its funds from the county treasury.

(2) Adopt a procedure for the appointment of a district treasurer. The board of trustees may appoint the district treasurer, or the board of trustees may delegate the appointment of the district treasurer to the district's general manager. The district treasurer may be a member of the board of trustees, the secretary of the board of trustees, the general manager, or a district employee.

(3) Fix the amount of the bond for the district treasurer and other district employees who will be responsible for handling the district's finances.

(4) Adopt a system of accounting and auditing that shall completely and at all times show the district's financial condition. The system of accounting and auditing shall adhere to generally accepted accounting principles.

(5) Adopt a procedure for drawing and signing warrants, provided that the procedure adheres to generally accepted accounting principles. The procedure shall provide that bond principal and salaries shall be paid when due. The procedure may provide that warrants to pay claims and demands need not be approved by the board of trustees before payment if the district treasurer determines that the claims and demands conform to the district's approved budget.

(6) Designate a bank or a savings and loan association as the depository of the district's funds. A bank or savings and loan association may act as a depository, paying agent, or fiscal agency for the holding or handling of the district's funds, notwithstanding the fact that a member of the board of trustees whose funds are on deposit in that bank or savings and loan association is an officer, employee, or stockholder of that bank or savings and loan association, or of a holding company that owns any of the stock of that bank or savings and loan association.

(c) The board of trustees and the board of supervisors of the principal county shall determine a mutually acceptable date for the withdrawal of the district's funds from the county treasury, not to exceed 15 months from the date on which the board of trustees adopts its resolution.

(d) In implementing this section, the district shall comply with Article 1 (commencing with Section 53600) and Article 2 (commencing with Section 53630) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code. Nothing in this section shall preclude the district treasurer from depositing the district's funds in the county treasury of the principal county or the State Treasury pursuant to Article 11 (commencing with Section 16429.1) of Chapter 2 of Part 2 of Division 4 of Title 2 of the Government Code.

(e) The district treasurer shall make annual or more frequent written reports to the board of trustees, as the board of trustees shall determine, regarding the receipts and disbursements and balances in the accounts controlled by the district treasurer. The district treasurer shall sign the reports and file them with the secretary.

2078. The board of trustees may establish a revolving fund pursuant to Article 15 (commencing with Section 53950) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code to make change and pay small bills directly.

2079. (a) The board of trustees shall provide for regular audits of the district's accounts and records pursuant to Section 26909 of the Government Code.

(b) The board of trustees shall provide for the annual financial reports to the Controller pursuant to Article 9 (commencing with Section 53890) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code.



## Article 7. Alternative Revenues

2080. Whenever a board of trustees determines that the amount of revenues available to the district or any of its zones is inadequate to meet the costs of providing facilities, programs, projects, and services, the board of trustees may raise revenues pursuant to this article or any other provision of law.

2081. A district may levy special taxes pursuant to:

(a) Article 3.5 (commencing with Section 50075) of Chapter 1 of Part 1 of Division 1 of Title 5 of the Government Code.

(b) The Mello-Roos Community Facilities Act of 1982, Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code.

2082. (a) A district may levy special benefit assessments consistent with the requirements of Article XIII D of the California Constitution to finance vector control projects and programs.

(b) Before beginning a vector control project or program proposed to be financed pursuant to this section, the board of trustees shall adopt a resolution that does all of the following:

- (1) Specifies its intent to undertake the project or program.
- (2) Generally describes the project or program.
- (3) Estimates the cost of the project or program.
- (4) Estimates the duration of the proposed special benefit assessment.

(c) After adopting its resolution pursuant to subdivision (b), the board of trustees shall proceed pursuant to Section 53753 of the Government Code.

(d) The special benefit assessments levied pursuant to this section shall be collected at the same time and in the same manner as county taxes. The county may deduct an amount not to exceed its actual costs incurred for collecting the special benefit assessments before remitting the balance to the district. The special benefit assessments shall be a lien on all the property benefited. Liens for the assessments shall be of the same force and effect as liens for property taxes, and their collection may be enforced by the same means as provided for the enforcement of liens for county taxes.

2083. A district may levy special benefit assessments consistent with the requirements of Article XIII D of the California Constitution to finance capital improvements, including, but not limited to, special benefit assessments levied pursuant to:

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

(b) The Improvement Bond Act of 1915, Division 10 (commencing with Section 8500) of the Streets and Highways Code.



(c) The Municipal Improvement Act of 1913, Division 12 (commencing with Section 10000) of the Streets and Highways Code.

(d) Any other statutory authorization enacted in the future.

2084. Pursuant to Section 5 of Article XIII D of the California Constitution and Section 53753.5 of the Government Code, any assessment existing on November 6, 1996, that was imposed exclusively to finance the capital costs or maintenance and operation expenses for vector control shall be exempt from the procedures and approval process set forth in Section 4 of Article XIII D of the California Constitution and Section 2082. Subsequent increases in those assessments shall be subject to the procedures and approval process set forth in Section 4 of Article XIII D of the California Constitution and Section 2082.

2085. (a) A board of trustees may charge a fee to cover the cost of any service that the district provides or the cost of enforcing any regulation for which the fee is charged. No fee shall exceed the costs reasonably borne by the district in providing the service or enforcing the regulation for which the fee is charged.

(b) Before imposing or increasing any fee for property-related services, a board of trustees shall follow the procedures in Section 6 of Article XIII D of the California Constitution.

(c) Notwithstanding Section 6103 of the Government Code, a board of trustees may charge a fee authorized by this section to other public agencies.

(d) A board of trustees may charge residents or taxpayers of the district a fee authorized by this section which is less than the fee that it charges to nonresidents or nontaxpayers of the district.

(e) A board of trustees may authorize district employees to waive the payment, in whole or in part, of a fee authorized by this section when the board of trustees determines that the payment would not be in the public interest. Before authorizing any waiver, a board of trustees shall adopt a resolution that specifies the policies and procedures governing waivers.

## Article 8. Zones

2090. (a) Whenever a board of trustees determines that it is in the public interest to provide different services, to provide different levels of service, or to raise additional revenue within specific areas of the district, it may form one or more zones pursuant to this article.

(b) The board of trustees shall initiate proceedings for the formation of a new zone by adopting a resolution that does all of the following:

(1) States that the proposal is made pursuant to this article.

(2) Sets forth a description of the boundaries of the territory to be included in the zone.

(3) States the different services, the different levels of service, or additional revenues which the zone will provide.

(4) Sets forth the methods by which those services or levels of service will be financed.

(5) States the reasons for forming the zone.

(6) Proposes a name or number for the zone.

(c) A proposal to form a new zone may also be initiated by a petition signed by not less than 10 percent of the registered voters residing within the proposed zone. The petition shall contain all of the matters required by subdivision (b).

(d) Upon the adoption of a resolution or the receipt of a valid petition, the board of trustees shall fix the date, time, and place for the public hearing on the formation of the zone. The board of trustees shall publish notice of the hearing, including the information required by subdivision (b), pursuant to Section 6061 of the Government Code in one or more newspapers of general circulation in the district. The board of trustees shall mail the notice at least 45 days before the date of the hearing to all owners of property within the proposed zone. The board of trustees shall post the notice in at least three public places within the territory of the proposed zone.

2091. (a) At the hearing, the board of trustees shall hear and consider any protests to the formation of a zone pursuant to this article. The board of trustees shall terminate the proceedings, if, at the conclusion of the hearing, it determines either of the following:

(1) More than 50 percent of the total number of voters residing within the proposed zone have filed written objections to the formation.

(2) Property owners who own more than 50 percent of the assessed value of all taxable property within the proposed zone have filed written objections to the formation. If the board of trustees determines that the written objections have been filed by 50 percent or less of those voters or property owners, then the board of trustees may proceed to form the zone.

(b) If the resolution or petition for formation of a zone proposes that the zone use special taxes, special benefit assessments, or fees for property-related services to finance its purposes, the board of trustees shall proceed according to law. If the voters or property owners do not approve those funding methods, the zone shall not be formed.

2092. (a) A board of trustees may change the boundaries of a zone or dissolve a zone by following the procedures in Sections 2090 and 2091.

(b) Except as provided in Section 56886 of the Government Code, a local agency formation commission shall have no power or duty to review and approve or disapprove a proposal to form a zone, a proposal to change the boundaries of a zone, or a proposal to dissolve a zone.

2093. (a) As determined by the board of trustees, a zone may provide any service at any level or levels within its boundaries that the district may provide.

(b) As determined by the board of trustees and pursuant to the requirements of this chapter, a zone may exercise any fiscal powers within its boundaries that the district may exercise.

(c) Any special taxes, special benefit assessments, or fees which are intended solely for the support of services within a zone shall be levied, assessed, and charged within the boundaries of the zone.

SEC. 7. Chapter 5 (commencing with Section 2200) of Division 3 of the Health and Safety Code is repealed.

SEC. 8. Section 101285 of the Health and Safety Code is amended to read:

101285. (a) Notwithstanding Section 101260, the county board of supervisors may, with the concurrence of the county officer providing the services, transfer all or any portion of the function of providing vector control services to any mosquito abatement and vector control district formed pursuant to the Mosquito Abatement and Vector Control District Law, Chapter 1 (commencing with Section 2000) of Division 3, provided that the district's boundaries include that territory.

(b) A county that transfers vector control services to a district shall continue to receive funds appropriated for the purposes of this article if that county complies with all of the other minimum standards and if the vector control program is maintained at a level that meets the minimum standards set by the department.

SEC. 9. Section 106925 of the Health and Safety Code is amended to read:

106925. (a) Except as otherwise provided in subdivision (b) or (i), every government agency employee who handles, applies, or supervises the use of any pesticide for public health purposes, shall be certified by the department as a vector control technician in at least one of the following categories commensurate with assigned duties, as follows:

- (1) Mosquito control.
- (2) Terrestrial invertebrate vector control.
- (3) Vertebrate vector control.

(b) The department may establish, by regulation, exemptions from the requirements of this section that are deemed reasonably necessary to further the purposes of this section.

(c) The department shall establish by regulation minimum standards for continuing education for any government agency employee certified under Section 116110 and regulations adopted pursuant thereto, who handles, applies, or supervises the use of any pesticide for public health purposes.

(d) An official record of the completed continuing education units shall be maintained by the department. If a certified technician fails to meet the requirements set forth under subdivision (c), the department shall suspend the technician's certificate or certificates and immediately notify the technician and the employing agency. The department shall establish by regulation procedures for reinstating a suspended certificate.

(e) The department shall charge and collect a nonreturnable renewal fee of twenty-five dollars (\$25) to be paid by each continuing education certificant on or before the first day of July, or on any other date that is determined by the department. Each person employed in a position on September 20, 1988, that requires certification shall first pay the annual fee the first day of the first July following that date. All new certificants shall first pay the annual fee the first day of the first July following their certification.

(f) The department shall charge and collect nonrefundable examination fees for providing examinations pursuant to this section. When certification is required as a condition of employment, the employing agency shall pay the fees for certified technician applicants. The fees shall not exceed the estimated reasonable cost of providing the examinations, as determined by the director.

(g) The department shall collect and account for all money received pursuant to this section and shall deposit it in the Mosquitoborne Disease Surveillance Account provided for in Section 25852 of the Government Code. Notwithstanding Section 25852 of the Government Code, fees deposited in the Mosquitoborne Disease Surveillance Account pursuant to this section shall be available for expenditure upon appropriation by the Legislature to implement this section.

(h) Fees collected pursuant to this section shall be subject to the annual fee increase provisions of Section 100425.

(i) Employees of the Department of Food and Agriculture and county agriculture departments holding, or working under the supervision of an employee holding, a valid Qualified Applicator Certificate in Health Related Pest Control issued by the licensing and certification program of the Department of Food and Agriculture shall be exempt from this section.

SEC. 10. Section 116111 is added to the Health and Safety Code, to read:

116111. The department may provide any necessary and proper assistance and support to the vector control programs of counties, cities, cities and counties, mosquito abatement and vector control districts, and pest abatement districts.

SEC. 11. This act is based on the recommendations of the Working Group on Revising the Mosquito Abatement District Law convened by the Senate Committee on Local Government.

SEC. 12. Section 3.5 of this bill incorporates amendments to Section 53750 of the Government Code proposed by both this bill and SB 1961. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2003, (2) each bill amends Section 53750 of the Government Code, and (3) this bill is enacted after SB 1961, in which case Section 3 of this bill shall not become operative.

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## CHAPTER 396

An act to amend Section 40432 of the Public Resources Code, and to amend Section 186 of the Water Code, relating to resources, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 5, 2002. Filed with  
Secretary of State September 6, 2002.]

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

SECTION 1. Section 40432 of the Public Resources Code is amended to read:

40432. The Attorney General shall represent the board and the state in litigation concerning affairs of the board, unless the Attorney General represents another state agency that is a party to the action. In that case, the Attorney General may represent the board with the written consent of the board and the other state agency, the board may contract for the services of private counsel, subject to Section 11040 of the Government Code, or the legal counsel of the board may represent the board. Sections 11041, 11042, and 11043 of the Government Code are not applicable to the board.

SEC. 2. Section 186 of the Water Code is amended to read:

186. (a) The board shall have any powers, and may employ any legal counsel and other personnel and assistance, that may be necessary or convenient for the exercise of its duties authorized by law.

(b) For the purpose of administration, the board shall organize itself, with the approval of the Governor, in the manner it deems necessary properly to segregate and conduct the work of the board. The work of the board shall be divided into at least two divisions, known as the Division of Water Rights and the Division of Water Quality. The board shall appoint a chief of each division, who shall supervise the work thereof

and act as technical adviser to the board on functions under his or her jurisdiction.

(c) The Attorney General shall represent the board, or any affected regional water quality control board, or both the board and the regional board, and the state in litigation concerning affairs of the board, or a regional board, or both, unless the Attorney General represents another state agency that is a party to the action. In that case, the Attorney General may represent the board, the regional board, or both, with the written consent of the board and the other state agency, the board may contract for the services of private counsel to represent the board, the regional board, or both, subject to Section 11040 of the Government Code, or the legal counsel of the board may represent the board, the regional board, or both. Sections 11041, 11042, and 11043 of the Government Code are not applicable to the board. The legal counsel of the board shall advise and furnish legal services, except representation in litigation, to the regional boards upon their request.

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 protect the public health, safety, and welfare by reducing certain state litigation costs, at the earliest possible time, it is necessary that this act take effect immediately.

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## CHAPTER 397

An act to amend Section 22112 of the Vehicle Code, relating to vehicles.

[Approved by Governor September 5, 2002. Filed with  
Secretary of State September 6, 2002.]

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

SECTION 1. Section 22112 of the Vehicle Code is amended to read:  
22112. (a) On approach to a schoolbus stop where pupils are loading or unloading from a schoolbus, the schoolbus driver shall activate an approved amber warning light system, if the schoolbus is so equipped, beginning 200 feet before the schoolbus stop. The schoolbus driver shall deactivate the amber warning light system after reaching the schoolbus stop. The schoolbus driver shall operate the flashing red light signal system and stop signal arm, as required on the schoolbus, at all times when the schoolbus is stopped for the purpose of loading or

unloading pupils. The flashing red light signal system, amber warning lights system, and stop signal arm shall not be operated at any place where traffic is controlled by a traffic officer or at any location identified in subdivision (e) of this section. The schoolbus flashing red light signal system, amber warning lights system, and stop signal arm shall not be operated at any other time.

(b) The schoolbus driver shall stop to load or unload pupils only at a schoolbus stop designated for pupils by the school district superintendent or authorized by the superintendent for school activity trips.

(c) When a schoolbus is stopped on a highway or private road for the purpose of loading or unloading pupils, at a location where traffic is not controlled by a traffic officer, the driver shall, before opening the door, ensure that the flashing red light signal system and stop signal arm are activated, and that it is safe to enter or exit the schoolbus.

(d) When a schoolbus is stopped on a highway or private road for the purpose of loading or unloading pupils, at a location where traffic is not controlled by a traffic officer or official traffic control signal, the schoolbus driver shall do all of the following:

(1) Escort all pupils in prekindergarten, kindergarten, or any of grades 1 to 8, inclusive, who need to cross the highway or private road upon which the schoolbus is stopped. The driver shall use an approved hand-held "STOP" sign while escorting all pupils.

(2) Require all pupils who need to cross the highway or private road upon which the schoolbus is stopped to walk in front of the bus as they cross.

(3) Ensure that all pupils who need to cross the highway or private road upon which the schoolbus is stopped have crossed safely, and that all other pupils and pedestrians are a safe distance from the schoolbus before setting the schoolbus in motion.

(e) Except at a location where pupils are loading or unloading from a schoolbus and must cross a highway or private road upon which the schoolbus is stopped, the schoolbus driver may not activate the amber warning light system, the flashing red light signal system and stop signal arm at any of the following locations:

(1) Schoolbus loading zones on or adjacent to school grounds or during an activity trip, if the schoolbus is lawfully stopped or parked.

(2) Where the schoolbus is disabled due to mechanical breakdown. The driver of a relief bus that arrives at the scene to transport pupils from the disabled schoolbus shall not activate the amber warning light system, the flashing red light system, and stop signal arm.

(3) Where a pupil requires physical assistance from the driver or authorized attendant to board or leave the schoolbus and providing the assistance extends the length of time the schoolbus is stopped beyond the



time required to load or unload a pupil that does not require physical assistance.

(4) Where the roadway surface on which the bus is stopped is partially or completely covered by snow or ice and requiring traffic to stop would pose a safety hazard as determined by the schoolbus motor carrier.

(5) On a state highway with a posted speed limit of 55 miles per hour or higher where the schoolbus is completely off the main traveled portion of the highway.

(6) Any location determined by a school district, with the approval of the Department of the California Highway Patrol, to present a traffic or safety hazard.

(f) Notwithstanding subdivisions (a) to (d), inclusive, the Department of the California Highway Patrol may require the activation of an approved flashing amber warning light system, if the schoolbus is so equipped, or the flashing red light signal system and stop signal arm, as required on the schoolbus, at any location where the department determines that the activation is necessary for the safety of school pupils loading or unloading from a schoolbus.

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.

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## CHAPTER 398

An act to add Section 1601 to the Public Contract Code, relating to public contracts.

[Approved by Governor September 5, 2002. Filed with  
Secretary of State September 6, 2002.]

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

SECTION 1. Section 1601 is added to the Public Contract Code, to read:

1601. Any public entity may adopt methods and procedures to receive bids on public works or other contracts over the Internet, but only



if no bid can be opened before the bid deadline and all bids can be verified as authentic.

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CHAPTER 399

An act to amend Section 20561 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 5, 2002. Filed with  
Secretary of State September 6, 2002.]

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

SECTION 1. Section 20561 of the Revenue and Taxation Code is amended to read:

20561. (a) Each individual applying for assistance under Article 2 (commencing with Section 20541) of this chapter shall file a claim under penalty of perjury with the Franchise Tax Board on a form supplied by the board. The claim shall include information in the form and manner prescribed by the Franchise Tax Board that establishes that the individual was a claimant (as defined in Section 20505) eligible for assistance under this chapter.

(b) If a claimant submits a claim that satisfies the requirements of this section, the Franchise Tax Board shall compute the amount of assistance and authorize payment. The amount of any assistance otherwise payable under this part may be applied by the Franchise Tax Board against any liability due from the claimant (or the claimant's spouse if a joint return is filed) under any law administered by the Franchise Tax Board.

(c) The Franchise Tax Board is authorized to prescribe, by regulation, the information necessary to constitute a valid claim under this section.

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CHAPTER 400

An act to repeal Chapter 10 (commencing with Section 35260) of Part 4 of Division 13 of the Water Code, relating to water districts.

[Approved by Governor September 5, 2002. Filed with  
Secretary of State September 6, 2002.]

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

SECTION 1. Chapter 10 (commencing with Section 35260) of Part 4 of Division 13 of the Water Code is repealed.

SEC. 2. Notwithstanding Section 17610 of the Government Code, 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. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

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#### CHAPTER 401

An act to amend Section 1538.5 of the Penal Code, relating to criminal procedure.

[Approved by Governor September 6, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 1538.5 of the Penal Code is amended to read:  
1538.5. (a) (1) A defendant may move for the return of property or to suppress as evidence any tangible or intangible thing obtained as a result of a search or seizure on either of the following grounds:

- (A) The search or seizure without a warrant was unreasonable.
- (B) The search or seizure with a warrant was unreasonable because any of the following apply:
  - (i) The warrant is insufficient on its face.
  - (ii) The property or evidence obtained is not that described in the warrant.
  - (iii) There was not probable cause for the issuance of the warrant.
  - (iv) The method of execution of the warrant violated federal or state constitutional standards.
  - (v) There was any other violation of federal or state constitutional standards.

(2) A motion pursuant to paragraph (1) shall be made in writing and accompanied by a memorandum of points and authorities and proof of service. The memorandum shall list the specific items of property or evidence sought to be returned or suppressed and shall set forth the

factual basis and the legal authorities that demonstrate why the motion should be granted.

(b) When consistent with the procedures set forth in this section and subject to the provisions of Sections 170 to 170.6, inclusive, of the Code of Civil Procedure, the motion should first be heard by the magistrate who issued the search warrant if there is a warrant.

(c) (1) Whenever a search or seizure motion is made in the superior court as provided in this section, the judge or magistrate shall receive evidence on any issue of fact necessary to determine the motion.

(2) While a witness is under examination during a hearing pursuant to a search or seizure motion, the judge or magistrate shall, upon motion of either party, do any of the following:

(A) Exclude all potential and actual witnesses who have not been examined.

(B) Order the witnesses not to converse with each other until they are all examined.

(C) Order, where feasible, that the witnesses be kept separated from each other until they are all examined.

(D) Hold a hearing, on the record, to determine if the person sought to be excluded is, in fact, a person excludable under this section.

(3) Either party may challenge the exclusion of any person under paragraph (2).

(4) Paragraph (2) does not apply to the investigating officer or the investigator for the defendant, nor does it apply to officers having custody of persons brought before the court.

(d) If a search or seizure motion is granted pursuant to the proceedings authorized by this section, the property or evidence shall not be admissible against the movant at any trial or other hearing unless further proceedings authorized by this section, Section 871.5, 1238, or 1466 are utilized by the people.

(e) If a search or seizure motion is granted at a trial, the property shall be returned upon order of the court unless it is otherwise subject to lawful detention. If the motion is granted at a special hearing, the property shall be returned upon order of the court only if, after the conclusion of any further proceedings authorized by this section, Section 1238 or 1466, the property is not subject to lawful detention or if the time for initiating the proceedings has expired, whichever occurs last. If the motion is granted at a preliminary hearing, the property shall be returned upon order of the court after 10 days unless the property is otherwise subject to lawful detention or unless, within that time, further proceedings authorized by this section, Section 871.5 or 1238 are utilized; if they are utilized, the property shall be returned only if, after the conclusion of the proceedings, the property is no longer subject to lawful detention.

(f) (1) If the property or evidence relates to a felony offense initiated by a complaint, the motion shall be made only upon filing of an information, except that the defendant may make the motion at the preliminary hearing, but the motion shall be restricted to evidence sought to be introduced by the people at the preliminary hearing.

(2) The motion may be made at the preliminary examination only if, at least five court days before the date set for the preliminary examination, the defendant has filed and personally served on the people a written motion accompanied by a memorandum of points and authorities as required by paragraph (2) of subdivision (a). At the preliminary examination, the magistrate may grant the defendant a continuance for the purpose of filing the motion and serving the motion upon the people, at least five court days before resumption of the examination, upon a showing that the defendant or his or her attorney of record was not aware of the evidence or was not aware of the grounds for suppression before the preliminary examination.

(3) Any written response by the people to the motion described in paragraph (2) shall be filed with the court and personally served on the defendant or his or her attorney of record at least two court days prior to the hearing at which the motion is to be made.

(g) If the property or evidence relates to a misdemeanor complaint, the motion shall be made before trial and heard prior to trial at a special hearing relating to the validity of the search or seizure. If the property or evidence relates to a misdemeanor filed together with a felony, the procedure provided for a felony in this section and Sections 1238 and 1539 shall be applicable.

(h) If, prior to the trial of a felony or misdemeanor, opportunity for this motion did not exist or the defendant was not aware of the grounds for the motion, the defendant shall have the right to make this motion during the course of trial.

(i) If the property or evidence obtained relates to a felony offense initiated by complaint and the defendant was held to answer at the preliminary hearing, or if the property or evidence relates to a felony offense initiated by indictment, the defendant shall have the right to renew or make the motion at a special hearing relating to the validity of the search or seizure which shall be heard prior to trial and at least 10 court days after notice to the people, unless the people are willing to waive a portion of this time. Any written response by the people to the motion shall be filed with the court and personally served on the defendant or his or her attorney of record at least two court days prior to the hearing, unless the defendant is willing to waive a portion of this time. If the offense was initiated by indictment or if the offense was initiated by complaint and no motion was made at the preliminary hearing, the defendant shall have the right to fully litigate the validity of

a search or seizure on the basis of the evidence presented at a special hearing. If the motion was made at the preliminary hearing, unless otherwise agreed to by all parties, evidence presented at the special hearing shall be limited to the transcript of the preliminary hearing and to evidence that could not reasonably have been presented at the preliminary hearing, except that the people may recall witnesses who testified at the preliminary hearing. If the people object to the presentation of evidence at the special hearing on the grounds that the evidence could reasonably have been presented at the preliminary hearing, the defendant shall be entitled to an in camera hearing to determine that issue. The court shall base its ruling on all evidence presented at the special hearing and on the transcript of the preliminary hearing, and the findings of the magistrate shall be binding on the court as to evidence or property not affected by evidence presented at the special hearing. After the special hearing is held, any review thereafter desired by the defendant prior to trial shall be by means of an extraordinary writ of mandate or prohibition filed within 30 days after the denial of his or her motion at the special hearing.

(j) If the property or evidence relates to a felony offense initiated by complaint and the defendant's motion for the return of the property or suppression of the evidence at the preliminary hearing is granted, and if the defendant is not held to answer at the preliminary hearing, the people may file a new complaint or seek an indictment after the preliminary hearing, and the ruling at the prior hearing shall not be binding in any subsequent proceeding, except as limited by subdivision (p). In the alternative, the people may move to reinstate the complaint, or those parts of the complaint for which the defendant was not held to answer, pursuant to Section 871.5. If the property or evidence relates to a felony offense initiated by complaint and the defendant's motion for the return or suppression of the property or evidence at the preliminary hearing is granted, and if the defendant is held to answer at the preliminary hearing, the ruling at the preliminary hearing shall be binding upon the people unless, upon notice to the defendant and the court in which the preliminary hearing was held and upon the filing of an information, the people, within 15 days after the preliminary hearing, request a special hearing, in which case the validity of the search or seizure shall be relitigated de novo on the basis of the evidence presented at the special hearing, and the defendant shall be entitled, as a matter of right, to a continuance of the special hearing for a period of time up to 30 days. The people may not request relitigation of the motion at a special hearing if the defendant's motion has been granted twice. If the defendant's motion is granted at a special hearing, the people, if they have additional evidence relating to the motion and not presented at the special hearing, shall have the right to show good cause at the trial why the evidence was

not presented at the special hearing and why the prior ruling at the special hearing should not be binding, or the people may seek appellate review as provided in subdivision (o), unless the court, prior to the time the review is sought, has dismissed the case pursuant to Section 1385. If the case has been dismissed pursuant to Section 1385, or if the people dismiss the case on their own motion after the special hearing, the people may file a new complaint or seek an indictment after the special hearing, and the ruling at the special hearing shall not be binding in any subsequent proceeding, except as limited by subdivision (p). If the property or evidence seized relates solely to a misdemeanor complaint, and the defendant made a motion for the return of property or the suppression of evidence in the superior court prior to trial, both the people and defendant shall have the right to appeal any decision of that court relating to that motion to the appellate division, in accordance with the California Rules of Court provisions governing appeals to the appellate division in criminal cases. If the people prosecute review by appeal or writ to decision, or any review thereof, in a felony or misdemeanor case, it shall be binding upon them.

(k) If the defendant's motion to return property or suppress evidence is granted and the case is dismissed pursuant to Section 1385, or the people appeal in a misdemeanor case pursuant to subdivision (j), the defendant shall be released pursuant to Section 1318 if he or she is in custody and not returned to custody unless the proceedings are resumed in the trial court and he or she is lawfully ordered by the court to be returned to custody.

If the defendant's motion to return property or suppress evidence is granted and the people file a petition for writ of mandate or prohibition pursuant to subdivision (o) or a notice of intention to file a petition, the defendant shall be released pursuant to Section 1318, unless (1) he or she is charged with a capital offense in a case where the proof is evident and the presumption great, or (2) he or she is charged with a noncapital offense defined in Chapter 1 (commencing with Section 187) of Title 8 of Part 1, and the court orders that the defendant be discharged from actual custody upon bail.

(l) If the defendant's motion to return property or suppress evidence is granted, the trial of a criminal case shall be stayed to a specified date pending the termination in the appellate courts of this state of the proceedings provided for in this section, Section 871.5, 1238, or 1466 and, except upon stipulation of the parties, pending the time for the initiation of these proceedings. Upon the termination of these proceedings, the defendant shall be brought to trial as provided by Section 1382, and, subject to the provisions of Section 1382, whenever the people have sought and been denied appellate review pursuant to subdivision (o), the defendant shall be entitled to have the action

dismissed if he or she is not brought to trial within 30 days of the date of the order that is the last denial of the petition. Nothing contained in this subdivision shall prohibit a court, at the same time as it rules upon the search and seizure motion, from dismissing a case pursuant to Section 1385 when the dismissal is upon the court's own motion and is based upon an order at the special hearing granting the defendant's motion to return property or suppress evidence. In a misdemeanor case, the defendant shall be entitled to a continuance of up to 30 days if he or she intends to file a motion to return property or suppress evidence and needs this time to prepare for the special hearing on the motion. In case of an appeal by the defendant in a misdemeanor case from the denial of the motion, he or she shall be entitled to bail as a matter of right, and, in the discretion of the trial or appellate court, may be released on his or her own recognizance pursuant to Section 1318. In the case of an appeal by the defendant in a misdemeanor case from the denial of the motion, the trial court may, in its discretion, order or deny a stay of further proceedings pending disposition of the appeal.

(m) The proceedings provided for in this section, and Sections 871.5, 995, 1238, and 1466 shall constitute the sole and exclusive remedies prior to conviction to test the unreasonableness of a search or seizure where the person making the motion for the return of property or the suppression of evidence is a defendant in a criminal case and the property or thing has been offered or will be offered as evidence against him or her. A defendant may seek further review of the validity of a search or seizure on appeal from a conviction in a criminal case notwithstanding the fact that the judgment of conviction is predicated upon a plea of guilty. Review on appeal may be obtained by the defendant provided that at some stage of the proceedings prior to conviction he or she has moved for the return of property or the suppression of the evidence.

(n) This section establishes only the procedure for suppression of evidence and return of property, and does not establish or alter any substantive ground for suppression of evidence or return of property. Nothing contained in this section shall prohibit a person from making a motion, otherwise permitted by law, to return property, brought on the ground that the property obtained is protected by the free speech and press provisions of the United States and California Constitutions. Nothing in this section shall be construed as altering (1) the law of standing to raise the issue of an unreasonable search or seizure; (2) the law relating to the status of the person conducting the search or seizure; (3) the law relating to the burden of proof regarding the search or seizure; (4) the law relating to the reasonableness of a search or seizure regardless of any warrant that may have been utilized; or (5) the procedure and law relating to a motion made pursuant to Section 871.5 or 995, or the procedures that may be initiated after the granting or denial of a motion.



(o) Within 30 days after a defendant's motion is granted at a special hearing in a felony case, the people may file a petition for writ of mandate or prohibition in the court of appeal, seeking appellate review of the ruling regarding the search or seizure motion. If the trial of a criminal case is set for a date that is less than 30 days from the granting of a defendant's motion at a special hearing in a felony case, the people, if they have not filed a petition and wish to preserve their right to file a petition, shall file in the superior court on or before the trial date or within 10 days after the special hearing, whichever occurs last, a notice of intention to file a petition and shall serve a copy of the notice upon the defendant.

(p) If a defendant's motion to return property or suppress evidence in a felony matter has been granted twice, the people may not file a new complaint or seek an indictment in order to relitigate the motion or relitigate the matter de novo at a special hearing as otherwise provided by subdivision (j), unless the people discover additional evidence relating to the motion that was not reasonably discoverable at the time of the second suppression hearing. Relitigation of the motion shall be heard by the same judge who granted the motion at the first hearing if the judge is available.

(q) The amendments to this section enacted in the 1997 portion of the 1997–98 Regular Session of the Legislature shall apply to all criminal proceedings conducted on or after January 1, 1998.

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## CHAPTER 402

An act to amend Sections 7503, 7504, 7505.5, 7506.3, 7507.12, and 7510.1 of the Business and Professions Code, and to amend Sections 14602.6, 14602.7, and 22850.5 of the Vehicle Code, relating to recovery of property.

[Approved by Governor September 6, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 7503 of the Business and Professions Code is amended to read:

7503. An application for a repossession agency license shall be made in writing to, and filed with, the bureau in the form that may be required by the director and shall be accompanied by the original license fee prescribed by this chapter. The director may require the submission of any other pertinent information, evidence, statements, or documents.



Every application for a repossession agency license shall be signed by the applicant and state, among other things that may be required, the name of the applicant and the name under which the applicant will do business, the location by number and street and city of the office of the business for which the license is sought, and the usual business hours the business will maintain. An applicant who declares as true any material matter pursuant to this section that he or she knows to be false is guilty of a misdemeanor. The residence address, residence telephone number, and driver's license number of each licensee, principal owner of each licensee, and any applicant for a license, if requested, shall be confidential pursuant to the Information Practices Act of 1977 (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code) and shall not be released to the public.

No license shall be issued in any fictitious name which may be confused with or which is similar to any federal, state, county, or municipal governmental function or agency, or in any name which may tend to describe any business function or enterprise not actually engaged in by the applicant, or in any name which is the same as or so similar to that of any existing licensee as would tend to deceive the public, or in any name which would otherwise tend to be deceptive or misleading.

The application form shall contain a statement informing the applicant that a false or dishonest answer to a question may be grounds for denial or subsequent suspension or revocation of a repossession agency license.

SEC. 2. Section 7504 of the Business and Professions Code is amended to read:

7504. (a) Except as otherwise provided in this chapter, an applicant for a qualification certificate shall comply with all of the following:

- (1) Be at least 18 years of age.
- (2) Have been, for at least two years of lawful experience, during the five years preceding the date on which his or her application is filed, a registrant or have had two years of lawful experience in recovering collateral within this state. Lawful experience means experience in recovering collateral as a registrant pursuant to this chapter or as a salaried employee of a financial institution or vehicle dealer.

Two years' experience shall consist of not less than 4,000 hours of actual compensated work performed by the applicant preceding the filing of an application.

An applicant shall certify that he or she has completed the claimed hours of qualifying experience and the exact details as to the character and nature thereof by written certifications from the employer, licensee, financial institution, or vehicle dealer, subject to independent verification by the director as he or she may determine. In the event of the inability of an applicant to supply the written certifications from the employer, licensee, financial institution or vehicle dealer, in whole or in

part, applicants may offer other written certifications from other persons substantiating their experience for consideration by the director. All certifications shall include a statement that representations made are true, correct, and contain no material omissions of fact to the best knowledge and belief of the applicant or the person submitting the certification. An applicant or person submitting the certification who declares as true any material matter pursuant to this paragraph that he or she knows to be false is guilty of a misdemeanor.

(3) Complete and forward to the bureau a qualified certificate holder application which shall be on a form prescribed by the director and signed by the applicant. An applicant who declares as true any material matter pursuant to this paragraph that he or she knows to be false is guilty of a misdemeanor. The application shall be accompanied by two recent photographs of the applicant, of a type prescribed by the director, and two classifiable sets of his or her fingerprints. The residence address, residence telephone number, and driver's license number of each qualified certificate holder or applicant for a qualification certificate, if requested, shall be confidential pursuant to the Information Practices Act of 1977 (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code) and shall not be released to the public.

(4) Pass the required examination.

(5) Pay the required application and examination fees to the bureau.

(b) Upon the issuance of the initial qualification certificate or renewal qualification certificate, the bureau shall issue to the certificate holder a suitable pocket identification card which includes a photograph of the certificate holder. The photograph shall be of a size prescribed by the bureau. The card shall contain the name of the licensee with whom the certificate holder is employed.

(c) The application form shall contain a statement informing the applicant that a false or dishonest answer to a question may be grounds for denial or subsequent suspension or revocation of a qualification certificate.

SEC. 3. Section 7505.5 of the Business and Professions Code is amended to read:

7505.5. The person deemed to be actively in charge of an office shall be the holder of a qualification certificate and the certificate, together with the current renewal certificate, shall be prominently displayed below the repossession agency's license. The person shall be in charge of only one licensed location. The person shall share equally with the licensee the responsibility for the conduct of the business and the personnel of the licensed agency or agencies, if more than one agency is licensed at that location. This section shall not apply to any licensee who notifies the bureau in writing that the licensee is not conducting any

business, but wishes to maintain a current license status with the bureau. When the licensee resumes conducting business, the licensee shall so inform the bureau in writing within 30 days.

SEC. 4. Section 7506.3 of the Business and Professions Code is amended to read:

7506.3. Except as otherwise provided in this article, every person entering the employ of, or contracting with, a licensee or multiple licensee after the effective date of this article shall immediately complete an application for an initial registration or a reregistration and file the appropriate application with the chief within 15 working days after the commencement of employment or contracted services for the licensee or multiple licensee for whom the applicant is employed or contracted. Applicants for registration must be at least 18 years of age. An applicant who declares as true any material matter pursuant to this section that he or she knows to be false is guilty of a misdemeanor.

(a) An initial registration application shall be required of those persons who have not previously submitted an application for registration, or been registered as a registrant.

(b) A reregistration application shall be required of those persons who have previously submitted or been registered as a registrant.

(c) No registrant of a multiple licensee shall be required to file more than one application for registration or reregistration for each multiple licensee.

(d) The application form shall contain a statement informing the applicant that a false or dishonest answer to a question may be grounds for denial or subsequent suspension or revocation of a registration or reregistration.

SEC. 5. Section 7507.12 of the Business and Professions Code is amended to read:

7507.12. With regard to collateral subject to registration under the Vehicle Code, a repossession occurs when the reposessor gains entry to the collateral or when the collateral becomes connected to a tow truck or the reposessor's tow vehicle, as those terms are defined in Section 615 of the Vehicle Code.

SEC. 6. Section 7510.1 of the Business and Professions Code is amended to read:

7510.1. In addition to any other remedies authorized by this chapter, the director may suspend or revoke a repossession agency license, a qualification certificate, or registration issued under this chapter if the director determines that the licensee or the licensee's manager, if an individual, or if the licensee is a person other than an individual, that any of its officers, partners, registrants, employees, or its manager, has:

(a) Made any false statement or given any false information in connection with an application for a license, qualification certificate, or registration, or a renewal or reinstatement thereof.

(b) Violated any provisions of this chapter.

(c) Violated any rule of the director adopted pursuant to authority contained in this chapter.

(d) Been convicted of a felony or any crime substantially related to the repossession agency business including illegally using, carrying, or possessing a deadly weapon.

(e) Committed or permitted any registrant or employee to commit any act while the license was expired which would be cause for the suspension or revocation of a license, or grounds for the denial of an application for a license.

(f) Unlawfully committed assault, battery, or kidnapping, or used force or violence on any person.

(g) Knowingly violated, or advised, encouraged, or assisted the violation of any court order or injunction in the course of business as a licensee.

(h) Been convicted of a violation of Section 148 of the Penal Code, resisting or obstructing a public officer.

(i) Committed any act which is a ground for denial of an application for license under this chapter.

(j) Committed any act prohibited by Chapter 1.5 (commencing with Section 630) of Title 15 of Part 1 of the Penal Code.

(k) Committed any act in the course of the licensee's business constituting dishonesty or fraud, including, but not limited to:

(1) Knowingly making a false statement relating to evidence or information obtained in the course of employment or while under contract, or knowingly publishing a slander or a libel in the course of business.

(2) Using illegal means in the collection or attempted collection of a debt or obligation.

(l) Represented that the licensee has an office and conducts business at a specific address when that is not the case.

SEC. 7. Section 14602.6 of the Vehicle Code is amended to read:

14602.6. (a) Whenever a peace officer determines that a person was driving a vehicle while his or her driving privilege was suspended or revoked or without ever having been issued a driver's license, the peace officer may either immediately arrest that person and cause the removal and seizure of that vehicle or, if the vehicle is involved in a traffic collision, cause the removal and seizure of the vehicle, without the necessity of arresting the person in accordance with Chapter 10 (commencing with Section 22650) of Division 11. A vehicle so impounded shall be impounded for 30 days.

The impounding agency, within two working days of impoundment, shall send a notice by certified mail, return receipt requested, to the legal owner of the vehicle, at the address obtained from the department, informing the owner that the vehicle has been impounded. Failure to notify the legal owner within two working days shall prohibit the impounding agency from charging for more than 15 days' impoundment when the legal owner redeems the impounded vehicle. The impounding agency shall maintain a published telephone number that provides information 24 hours a day regarding the impoundment of vehicles and the rights of a registered owner to request a hearing.

(b) The registered and legal owner of a vehicle that is removed and seized under subdivision (a) or their agents shall be provided the opportunity for a storage hearing to determine the validity of, or consider any mitigating circumstances attendant to, the storage, in accordance with Section 22852.

(c) Any period in which a vehicle is subjected to storage under this section shall be included as part of the period of impoundment ordered by the court under subdivision (a) of Section 14602.5.

(d) (1) An impounding agency shall release a vehicle to the registered owner or his or her agent prior to the end of 30 days' impoundment under any of the following circumstances:

(A) When the vehicle is a stolen vehicle.

(B) When the vehicle is subject to bailment and is driven by an unlicensed employee of a business establishment, including a parking service or repair garage.

(C) When the license of the driver was suspended or revoked for an offense other than those included in Article 2 (commencing with Section 13200) of Chapter 2 of Division 6 or Article 3 (commencing with Section 13350) of Chapter 2 of Division 6.

(D) When the vehicle was seized under this section for an offense that does not authorize the seizure of the vehicle.

(E) When the driver reinstates his or her driver's license or acquires a driver's license and proper insurance.

(2) No vehicle shall be released pursuant to this subdivision without presentation of the registered owner's or agent's currently valid driver's license to operate the vehicle and proof of current vehicle registration, or upon order of a court.

(e) The registered owner or his or her agent is responsible for all towing and storage charges related to the impoundment, and any administrative charges authorized under Section 22850.5.

(f) A vehicle removed and seized under subdivision (a) shall be released to the legal owner of the vehicle or the legal owner's agent prior to the end of 30 days' impoundment if all of the following conditions are met:

(1) The legal owner is a motor vehicle dealer, bank, credit union, acceptance corporation, or other licensed financial institution legally operating in this state or is another person, not the registered owner, holding a security interest in the vehicle.

(2) The legal owner or the legal owner's agent pays all towing and storage fees related to the seizure of the vehicle. No lien sale processing fees shall be charged to the legal owner who redeems the vehicle prior to the 15th day of impoundment. Neither the impounding authority nor any person having possession of the vehicle shall collect from the legal owner of the type specified in paragraph (1), or the legal owner's agent any administrative charges imposed pursuant to Section 22850.5 unless the legal owner voluntarily requested a poststorage hearing.

(3) The legal owner or the legal owner's agent presents either lawful foreclosure documents or an affidavit of repossession for the vehicle, and a security agreement or title showing proof of legal ownership for the vehicle. Any documents presented may be originals, photocopies, or facsimile copies, or may be transmitted electronically. The impounding agency shall not require any documents to be notarized. The impounding agency may require the agent of the legal owner to produce a photocopy or facsimile copy of its repossession agency license or registration issued pursuant to Chapter 11 (commencing with Section 7500) of Division 3 of the Business and Professions Code, or to demonstrate, to the satisfaction of the impounding agency, that the agent is exempt from licensure pursuant to Section 7500.2 or 7500.3 of the Business and Professions Code.

No administrative costs authorized under subdivision (a) of Section 22850.5 shall be charged to the legal owner of the type specified in paragraph (1), who redeems the vehicle unless the legal owner voluntarily requests a poststorage hearing. No city, county, city or county, or state agency shall require a legal owner or a legal owner's agent to request a poststorage hearing as a requirement for release of the vehicle to the legal owner or the legal owner's agent. The impounding agency shall not require any documents other than those specified in this paragraph. The impounding agency shall not require any documents to be notarized.

As used in this paragraph, "foreclosure documents" means an "assignment" as that term is defined in subdivision (o) of Section 7500.1 of the Business and Professions Code.

(g) (1) A legal owner or the legal owner's agent that obtains release of the vehicle pursuant to subdivision (f) may not release the vehicle to the registered owner of the vehicle or any agents of the registered owner, unless the registered owner is a rental car agency, until after the termination of the 30-day impoundment period.

(2) The legal owner or the legal owner's agent may not relinquish the vehicle to the registered owner until the registered owner or that owner's agent presents his or her valid driver's license or valid temporary driver's license to the legal owner or the legal owner's agent. The legal owner or the legal owner's agent shall make every reasonable effort to ensure that the license presented is valid.

(3) Prior to relinquishing the vehicle, the legal owner may require the registered owner to pay all towing and storage charges related to the impoundment and any administrative charges authorized under Section 22850.5 that were incurred by the legal owner in connection with obtaining custody of the vehicle.

(h) (1) A vehicle removed and seized under subdivision (a) shall be released to a rental car agency prior to the end of 30 days' impoundment if the agency is either the legal owner or registered owner of the vehicle and the agency pays all towing and storage fees related to the seizure of the vehicle.

(2) The owner of a rental vehicle that was seized under this section may continue to rent the vehicle upon recovery of the vehicle. However, the rental car agency may not rent another vehicle to the driver of the vehicle that was seized until 30 days after the date that the vehicle was seized.

(3) The rental car agency may require the person to whom the vehicle was rented to pay all towing and storage charges related to the impoundment and any administrative charges authorized under Section 22850.5 that were incurred by the rental car agency in connection with obtaining custody of the vehicle.

(i) Notwithstanding any other provision of this section, the registered owner and not the legal owner shall remain responsible for any towing and storage charges related to the impoundment, any administrative charges authorized under Section 22850.5, and any parking fines, penalties, and administrative fees incurred by the registered owner.

(j) The impounding agency shall not be liable to the registered owner for the improper release of the vehicle to the legal owner or the legal owner's agent provided the release complies with the provisions of this section.

SEC. 8. Section 14602.7 of the Vehicle Code is amended to read:

14602.7. (a) A magistrate presented with the affidavit of a peace officer establishing reasonable cause to believe that a vehicle, described by vehicle type and license number, was an instrumentality used in the peace officer's presence in violation of Sections 2800.1, 2800.2, 2800.3, or 23103, shall issue a warrant or order authorizing any peace officer to immediately seize and cause the removal of the vehicle. The warrant or court order may be entered into a computerized database. A vehicle so impounded may be impounded for a period not to exceed 30 days.



The impounding agency, within two working days of impoundment, shall send a notice by certified mail, return receipt requested, to the legal owner of the vehicle, at the address obtained from the department, informing the owner that the vehicle has been impounded and providing the owner with a copy of the warrant or court order. Failure to notify the legal owner within two working days shall prohibit the impounding agency from charging for more than 15 days impoundment when a legal owner redeems the impounded vehicle.

(b) (1) An impounding agency shall release a vehicle to the registered owner or his or her agent prior to the end of the impoundment period and without the permission of the magistrate authorizing the vehicle's seizure under any of the following circumstances:

(A) When the vehicle is a stolen vehicle.

(B) When the vehicle is subject to bailment and is driven by an unlicensed employee of the business establishment, including a parking service or repair garage.

(C) When the registered owner of the vehicle causes a peace officer to reasonably believe, based on the totality of the circumstances, that the registered owner was not the driver who violated Section 2800.1, 2800.2, or 2800.3, the agency shall immediately release the vehicle to the registered owner or his or her agent.

(2) No vehicle shall be released pursuant to this subdivision, except upon presentation of the registered owner's or agent's currently valid driver's license to operate the vehicle and proof of current vehicle registration, or upon order of the court.

(c) (1) Whenever a vehicle is impounded under this section, the magistrate ordering the storage shall provide the vehicle's registered and legal owners of record, or their agents, with the opportunity for a poststorage hearing to determine the validity of the storage.

(2) A notice of the storage shall be mailed or personally delivered to the registered and legal owners within 48 hours after issuance of the warrant or court order, excluding weekends and holidays, by the person or agency executing the warrant or court order, and shall include all of the following information:

(A) The name, address, and telephone number of the agency providing the notice.

(B) The location of the place of storage and a description of the vehicle, which shall include, if available, the name or make, the manufacturer, the license plate number, and the mileage of the vehicle.

(C) A copy of the warrant or court order and the peace officer's affidavit, as described in subdivision (a).

(D) A statement that, in order to receive their poststorage hearing, the owners, or their agents, are required to request the hearing from the



magistrate issuing the warrant or court order in person, in writing, or by telephone, within 10 days of the date of the notice.

(3) The poststorage hearing shall be conducted within two court days after receipt of the request for the hearing.

(4) At the hearing, the magistrate may order the vehicle released if he or she finds any of the circumstances described in subdivision (b) or (e) that allow release of a vehicle by the impounding agency. The magistrate may also consider releasing the vehicle when the continued impoundment will cause undue hardship to persons dependent upon the vehicle for employment or to a person with a community property interest in the vehicle.

(5) Failure of either the registered or legal owner, or his or her agent, to request, or to attend, a scheduled hearing satisfies the poststorage hearing requirement.

(6) The agency employing the peace officer who caused the magistrate to issue the warrant or court order shall be responsible for the costs incurred for towing and storage if it is determined in the poststorage hearing that reasonable grounds for the storage are not established.

(d) The registered owner or his or her agent is responsible for all towing and storage charges related to the impoundment, and any administrative charges authorized under Section 22850.5.

(e) A vehicle removed and seized under subdivision (a) shall be released to the legal owner of the vehicle or the legal owner's agent prior to the end of the impoundment period and without the permission of the magistrate authorizing the seizure of the vehicle if all of the following conditions are met:

(1) The legal owner is a motor vehicle dealer, bank, credit union, acceptance corporation, or other licensed financial institution legally operating in this state or is another person, not the registered owner, holding a financial interest in the vehicle.

(2) The legal owner or the legal owner's agent pays all towing and storage fees related to the seizure of the vehicle. No lien sale processing fees shall be charged to the legal owner who redeems the vehicle prior to the 15th day of impoundment. Neither the impounding authority nor any person having possession of the vehicle shall collect from the legal owner of the type specified in paragraph (1), or the legal owner's agent any administrative charges imposed pursuant to Section 22850.5 unless the legal owner voluntarily requested a poststorage hearing.

(3) The legal owner or the legal owner's agent presents either lawful foreclosure documents or a certificate of repossession and a security agreement or title showing proof of legal ownership for the vehicle. Any documents presented may be originals, photocopies, or facsimile copies, or may be transmitted electronically. The impounding agency shall not

require any documents to be notarized. The impounding agency may require the agent of the legal owner to produce a photocopy or facsimile copy of its repossession agency license or registration issued pursuant to Chapter 11 (commencing with Section 7500) of Division 3 of the Business and Professions Code, or to demonstrate, to the satisfaction of the impounding agency, that the agent is exempt from licensure pursuant to Section 7500.2 or 7500.3 of the Business and Professions Code.

No administrative costs authorized under subdivision (a) of Section 22850.5 shall be charged to the legal owner of the type specified in paragraph (1), who redeems the vehicle unless the legal owner voluntarily requests a poststorage hearing. No city, county, city and county, or state agency shall require a legal owner or a legal owner's agent to request a poststorage hearing as a requirement for release of the vehicle to the legal owner or the legal owner's agent. The impounding agency shall not require any documents other than those specified in this paragraph. The impounding agency shall not require any documents to be notarized.

As used in this paragraph, "foreclosure documents" means an "assignment" as that term is defined in subdivision (o) of Section 7500.1 of the Business and Professions Code.

(f) (1) A legal owner or the legal owner's agent that obtains release of the vehicle pursuant to subdivision (e) shall not release the vehicle to the registered owner of the vehicle or any agents of the registered owner, unless a registered owner is a rental car agency, until the termination of the impoundment period.

(2) The legal owner or the legal owner's agent shall not relinquish the vehicle to the registered owner until the registered owner or that owner's agent presents his or her valid driver's license or valid temporary driver's license to the legal owner or the legal owner's agent. The legal owner or the legal owner's agent shall make every reasonable effort to ensure that the license presented is valid.

(3) Prior to relinquishing the vehicle, the legal owner may require the registered owner to pay all towing and storage charges related to the impoundment and the administrative charges authorized under Section 22850.5 that were incurred by the legal owner in connection with obtaining the custody of the vehicle.

(g) (1) A vehicle impounded and seized under subdivision (a) shall be released to a rental car agency prior to the end of the impoundment period if the agency is either the legal owner or registered owner of the vehicle and the agency pays all towing and storage fees related to the seizure of the vehicle.

(2) The owner of a rental vehicle that was seized under this section may continue to rent the vehicle upon recovery of the vehicle. However, the rental car agency shall not rent another vehicle to the driver who used

the vehicle that was seized to evade a police officer until 30 days after the date that the vehicle was seized.

(3) The rental car agency may require the person to whom the vehicle was rented and who evaded the peace officer to pay all towing and storage charges related to the impoundment and any administrative charges authorized under Section 22850.5 that were incurred by the rental car agency in connection with obtaining custody of the vehicle.

(h) Notwithstanding any other provision of this section, the registered owner and not the legal owner shall remain responsible for any towing and storage charges related to the impoundment and the administrative charges authorized under Section 22850.5 and any parking fines, penalties, and administrative fees incurred by the registered owner.

(i) (1) This section does not apply to vehicles abated under the Abandoned Vehicle Abatement Program pursuant to Sections 22660 to 22668, inclusive, and Section 22710, or to vehicles impounded for investigation pursuant to Section 22655, or to vehicles removed from private property pursuant to Section 22658.

(2) This section does not apply to abandoned vehicles removed pursuant to Section 22669 that are determined by the public agency to have an estimated value of three hundred dollars (\$300) or less.

(j) The impounding agency shall not be liable to the registered owner for the improper release of the vehicle to the legal owner or the legal owner's agent provided the release complies with the provisions of this section.

SEC. 9. Section 22850.5 of the Vehicle Code is amended to read:

22850.5. (a) A city, county, or city and county, or a state agency may adopt a regulation, ordinance, or resolution establishing procedures for the release of properly impounded vehicles and for the imposition of a charge equal to its administrative costs relating to the removal, impound, storage, or release of the vehicles. Those administrative costs may be waived by the local or state authority upon verifiable proof that the vehicle was reported stolen at the time the vehicle was removed.

(b) The following apply to any charges imposed for administrative costs pursuant to subdivision (a):

(1) The charges shall only be imposed on the registered owner or the agents of that owner and shall not include any vehicle towed under an abatement program or sold at a lien sale pursuant to Sections 3068.1 to 3074, inclusive, of, and Section 22851 of, the Civil Code unless the sale is sufficient in amount to pay the lienholder's total charges and proper administrative costs.

(2) Any charges shall be collected by the local or state authority only from the registered owner or an agent of the registered owner.

(3) The charges shall be in addition to any other charges authorized or imposed pursuant to this code.

(4) No charge may be imposed for any hearing or appeal relating to the removal, impound, storage, or release of a vehicle unless that hearing or appeal was requested in writing by the registered or legal owner of the vehicle or an agent of that registered or legal owner. In addition, the charge may be imposed only upon the person requesting that hearing or appeal.

No administrative costs authorized under subdivision (a) shall be charged to the legal owner who redeems the vehicle unless the legal owner voluntarily requests a poststorage hearing. No city, county, city and county, or state agency shall require a legal owner or a legal owner's agent to request a poststorage hearing as a requirement for release of the vehicle to the legal owner or the legal owner's agent. The impounding agency shall not require the legal owner or the legal owner's agent to produce any documents other than those specified in paragraph (3) of subdivision (f) of Section 14602.6 or paragraph (3) of subdivision (e) of Section 14602.7. The impounding agency shall not require any documents to be notarized.

SEC. 10. 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.

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## CHAPTER 403

An act to amend Section 2707.5 of the Unemployment Insurance Code, relating to unemployment insurance.

[Approved by Governor September 6, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 2707.5 of the Unemployment Insurance Code is amended to read:

2707.5. (a) The department may for good cause reconsider any determination provided for in this article prior to the filing of an appeal therefrom, or within 30 days after an appeal to an administrative law

judge is filed. The department shall promptly notify the claimant of any reconsidered determination, and the claimant may appeal therefrom in the manner prescribed in Section 2707.2. The director shall be an interested party to any appeal.

(b) The department may for good cause reconsider any computation or recomputation provided for in this article within one year from the beginning date of the disability benefit period to which the notice of computation or recomputation relates, except that no recomputation may be considered with respect to any issue considered or under consideration in an appeal taken from a denial of recomputation. The department shall promptly notify the claimant of the recomputation. The claimant may protest the accuracy of the recomputation as prescribed in Section 2707.4.

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## CHAPTER 404

An act to amend Sections 21201, 21201.3, 21201.5, and 21203 of the Financial Code, relating to pawnbrokers.

[Approved by Governor September 6, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 21201 of the Financial Code is amended to read:

21201. Every loan made by a pawnbroker for which goods are received in pledge as security shall be evidenced by a written contract, a copy of which shall be furnished to the borrower. The loan contract shall provide a four-month loan period, shall set forth the loan period and the date on which the loan is due and payable, and shall clearly inform the borrower of his or her right to redeem the pledge during the loan period.

Every loan contract shall contain the following notice, in at least 8-point boldface type and circumscribed by a box, immediately above the space for the borrower's signature:

“You may redeem the property you have pledged at any time until the close of business on \_\_\_\_ [fill in date four months from date loan begins]. To redeem, you must pay the amount of the loan and the applicable charges which have accrued through the date on which you redeem.”

Every pawnbroker shall retain in his or her possession every article pledged to him or her for a period of four months. During such period

the borrower may redeem the articles upon payment of the amount of the loan and the applicable charges. If the borrower and the pawnbroker agree in writing that the pawned property may be stored off premises, following the request for redemption of the loan, the pawnbroker shall return the pledged property to the consumer the next calendar day when both the pawnbroker's store and the storage facility are open, not to exceed two business days.

If any pledged article is not redeemed during the four-month loan period as provided herein, and the borrower and pawnbroker do not mutually agree in writing to extend the loan period, the pawnbroker shall notify the borrower within 30 days after expiration of the loan period. If the pawnbroker fails to notify the borrower within 30 days after the expiration of the loan period, the pawnbroker shall not charge interest from the day after the expiration of the 30-day period. The pawnbroker shall notify the borrower at his or her last known address of the termination of the loan period, by a means for which verification of mailing or delivery of the notification can be provided by the pawnbroker, and extending the right of redemption, during posted business hours, for a period of 10 days from date of mailing of that notice. The 10-day notice shall include a statement that: "If the tenth day falls on a day when the pawnshop is closed, the time period is extended to the next day that the pawnshop is open."

However, the posted schedule of charges required pursuant to Section 21200.5 shall contain a notice informing the borrower that if he or she desires, the pawnbroker shall send the notice of termination of the loan period by registered or certified mail with return receipt requested, upon prepayment of the mailing costs. If any pledged article is not redeemed within the 10-day notice period, the pawnbroker shall become vested with all right, title, and interest of the pledgor, or his or her assigns, to the pledged article, to hold and dispose of as his or her own property. Any other provision of law relating to the foreclosure and sale of pledges shall not be applicable to any pledge the title to which is transferred in accordance with this section. The pawnbroker shall not sell any article of pledged property until he or she has become vested with the title to that property pursuant to this section. The sale of pledged property is a misdemeanor pursuant to Section 21209.

SEC. 2. Section 21201.3 of the Financial Code is amended to read:

21201.3. (a) The written contract required pursuant to Section 21201 shall contain a provision in 8-point type stating whether the item or items pledged are to be stored at the business premises of the pawnbroker and adjacent to this provision, the following disclosure shall be made: "We must return your property within two business days if your property is stored off premises."

(b) Every pawnbroker shall display a sign at his or her premises indicating whether or not pawned items are insured.

(c) If a pawnbroker stores pledged property at a location other than the pawnshop, the pawnbroker shall post a conspicuous sign stating that pawned items may be stored off premises with the consent of the pledgor and that following the redemption of a loan, property is required to be returned the next calendar day upon which both the pawnbroker's store and the storage facility are open, not to exceed two business days.

(d) Notwithstanding Section 21209, a violation of this section is an infraction.

(e) This section shall become operative July 1, 1995.

SEC. 3. Section 21201.5 of the Financial Code is amended to read: 21201.5. A pledgor may request, and a pawnbroker may consent to, a new loan to take effect upon or at any time after the expiration of the loan period stated in the original loan contract delivered to the pledgor under Section 21201. The pledgor shall pay in cash or another form acceptable to the pawnbroker all of the charges and interest due under the original loan, and the remaining unpaid balance of the actual amount borrowed under the original loan shall be debited to the new loan on which the same article or articles are pledged. The loan to which the debit is applied shall be processed as a new loan and shall be deemed to be a new loan subject to loan origination fees, storage fees, and other fees permitted by this chapter, when applicable. The new loan contract required by Section 21201 shall disclose the amount of the original loan that is debited to the new loan.

SEC. 4. Section 21203 of the Financial Code is amended to read: 21203. Any property held in pawn which is not subject to a hold pursuant to Section 21647 of the Business and Professions Code shall be returned to the pledgor immediately upon redemption of the loan. However, if the property is stored off the business premises of the pawnbroker, following the redemption of the loan the property shall be returned the next calendar day when both the pawnbroker's store and the storage facility are open, not to exceed two business days.

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## CHAPTER 405

An act to amend Sections 146.5, 312, 7215.5, 8516, 8663, 8674, 9812.5, 9814, 9830.5, 9832.5, 9847.5, 9849, 9851, 9853, 9855.9, 9860, 9862.5, 9863, 9873, 19010.1, 19010.5, 19011, 19017, 19031, 19034.5, 19049, 19059.5, 19060.5, 19062, 19063, 19064, 19072.6, 19093, 19162, 19170, 19208, 19211, 19215.1, 19215.2, 19215.3, 19215.4, 19215.5, 19215.6, 19215.7, and 19215.8 of, and to repeal Sections



121.5, 327, 335, 336, 351, 1620, 3151, 4946, 7017, and 7218 of, the Business and Professions Code, to amend Sections 1791 and 1794.4 of the Civil Code, to amend Sections 94050 and 94771 of the Education Code, to amend Sections 15376 and 15378 of the Government Code, to amend Sections 44031.5 and 57053.9 of the Health and Safety Code, and to amend Section 71030 of the Public Resources Code, relating to regulation of businesses, and making an appropriation therefor.

[Approved by Governor September 6, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 121.5 of the Business and Professions Code, as added by Chapter 306 of the Statutes of 2001, is repealed.

SEC. 2. Section 146.5 of the Business and Professions Code is amended to read:

146.5. (a) Notwithstanding any other provision of law, a violation of any code section listed in subdivision (c) is an infraction subject to the procedures described in Sections 19.6 and 19.7 of the Penal Code if either of the following occur:

(1) A complaint or a written notice to appear in court pursuant to Chapter 5c (commencing with Section 853.5) of Title 3 of Part 2 of the Penal Code is filed in court charging the offense as an infraction unless the defendant, at the time he or she is arraigned, after being advised of his or her rights, elects to have the case proceed as a misdemeanor.

(2) The court, with the consent of the defendant and the prosecution, determines that the offense is an infraction in which event the case shall proceed as if the defendant has been arraigned on an infraction complaint.

(b) Subdivision (a) does not apply to a violation of the code sections listed in subdivision (c) if the defendant has had his or her license, registration, or certificate previously revoked or suspended.

(c) The following sections require registration, licensure, certification, or other authorization in order to engage in certain businesses or professions regulated by this code:

- (1) Section 2630.
- (2) Section 2903.
- (3) Sections 3760 and 3761.
- (4) Section 4825.
- (5) Section 4980.
- (6) Section 4996.
- (7) Section 5536.
- (8) Section 6704.
- (9) Section 6980.10.



- (10) Section 7317.
- (11) Section 7502 or 7592.
- (12) Section 7617 or 7641.
- (13) Subdivision (a) of Section 7872.
- (14) Section 8016.
- (15) Section 8505.
- (16) Section 8725.
- (17) Section 9681.
- (18) Section 9840.
- (19) Section 9855.1.
- (20) Section 19049.

(d) Notwithstanding any other provision of law, a violation of any of the sections listed in subdivision (c), which is an infraction, is punishable by a fine of not less than two hundred fifty dollars (\$250) and not more than one thousand dollars (\$1,000). No portion of the minimum fine may be suspended by the court unless as a condition of that suspension, the defendant is required to submit proof of a current valid license, registration, or certificate for the profession or vocation that was the basis for his or her conviction.

(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. 3. Section 312 of the Business and Professions Code is amended to read:

312. The director shall submit to the Governor and the Legislature on or before January 1, 2003, and annually thereafter, a report of programmatic and statistical information regarding the activities of the department and its constituent entities. The report shall include information concerning the director's activities pursuant to Section 326, including the number and general patterns of consumer complaints and the action taken on those complaints.

SEC. 4. Section 327 of the Business and Professions Code is repealed.

SEC. 5. Section 335 of the Business and Professions Code is repealed.

SEC. 6. Section 336 of the Business and Professions Code is repealed.

SEC. 7. Section 351 of the Business and Professions Code is repealed.

SEC. 8. Section 1620 of the Business and Professions Code is repealed.

SEC. 9. Section 3151 of the Business and Professions Code is repealed.

SEC. 10. Section 4946 of the Business and Professions Code is repealed.

SEC. 11. Section 7017 of the Business and Professions Code is repealed.

SEC. 12. Section 7215.5 of the Business and Professions Code is amended to read:

7215.5. During the first year following the successful training of each person-dog unit, and release from a guide dog training school of the trained person supplied with a guide dog, the school may retain title to the trained dog. During this probationary year, the school may enter into a contractual agreement with the user of the dog describing the conditions under which the user may maintain the status of legal custodian of the dog. During the probationary year, the school, acting in what it deems to be the best interest of the user, the dog, or the public, may temporarily or permanently resume possession of the dog.

Within 15 days after the end of each calendar year, each licensed school shall report to the board the following:

(1) The number of dog ownership titles transferred to dog users pursuant to this section during the calendar year.

(2) The number of title recoveries and reposessions made by the school pursuant to this section during the calendar year.

(3) The number, type, and amount of charges assessed for followup training, instruction, veterinary, or boarding services, pursuant to this section, which make a distinction between users who have acquired title to their dogs and users who have not acquired title.

(4) The views of the governing entity of the school as to any problems or concerns relative to compliance with the provisions of this section, along with recommendations for appropriate legislative or administrative changes commensurate with the purposes of this section.

Immediately upon completion of the first year following the successful training referred to above, if the training school and the dog user are mutually satisfied with the operation of the person-dog unit, title to the dog shall be transferred to the blind user if the user so desires. Transfer of title shall be evidenced by a transfer of title agreement executed by both parties thereto. The school may retain an option to recover title and possession to the guide dog subject to conditions described in the transfer of title agreement. These conditions may include, but are not limited to, the following:

(1) If in the school's opinion, the guide dog is being misused or neglected or mistreated by its blind user.

(2) If the blind person to whom the dog was furnished has ceased to use the dog as a guide and the dog is not too old to be retrained as a guide for another blind person.

(3) If, in the school's opinion, the dog is no longer a safe guide and the user refuses to cease using the dog as a guide after being requested by the school to cease this use.

The guide dog school shall make no distinction as to the quality or extent of followup or supportive services available to its blind graduates based on whether they elect to acquire title to their dogs or allow title to remain with the school after the probationary year. The school may, however, make this distinction when assessing reasonable and appropriate charges for followup training, instruction, veterinary, or boarding services.

No applicant for admission to a guide dog training school, nor any enrolled student, shall be required by the school prior to completion of his or her training to sign any instrument or to announce his or her intention regarding transfer of title of the dog from the school to himself or herself upon completion of the training and probation period.

SEC. 13. Section 7218 of the Business and Professions Code is repealed.

SEC. 14. Section 8516 of the Business and Professions Code is amended to read:

8516. (a) This section, and Section 8519, apply only to wood destroying pests or organisms.

(b) No registered company or licensee shall commence work on a contract, or sign, issue, or deliver any documents expressing an opinion or statement relating to the absence or presence of wood destroying pests or organisms until an inspection has been made by a licensed Branch 3 field representative or operator. The address of each property inspected or upon which work is completed shall be reported on a form prescribed by the board and shall be filed with the board no later than 10 business days after the commencement of an inspection or upon completed work.

Every property inspected pursuant to this subdivision or Section 8518 shall be assessed a filing fee pursuant to Section 8674.

Failure of a registered company to report and file with the board the address of any property inspected or work completed pursuant to Section 8518 or this section is grounds for disciplinary action and shall subject the registered company to a fine of not more than two thousand five hundred dollars (\$2,500).

A written inspection report conforming to this section and a form approved by the board shall be prepared and delivered to the person requesting the inspection or to the person's designated agent within 10 business days of the inspection, except that an inspection report prepared for use by an attorney for litigation purposes is not required to be reported to the board. The report shall be delivered before work is commenced on any property. The registered company shall retain for three years all original inspection reports, field notes, and activity forms.

Reports shall be made available for inspection and reproduction to the executive officer of the board or his or her duly authorized representative during business hours. Original inspection reports or copies thereof shall be submitted to the board upon request within two business days. The following shall be set forth in the report:

(1) The date of the inspection and the name of the licensed field representative or operator making the inspection.

(2) The name and address of the person or firm ordering the report.

(3) The name and address of any person who is a party in interest.

(4) The address or location of the property.

(5) A general description of the building or premises inspected.

(6) A foundation diagram or sketch of the structure or structures or portions of the structure or structures inspected, indicating thereon the approximate location of any infested or infected areas evident, and the parts of the structure where conditions that would ordinarily subject those parts to attack by wood destroying pests or organisms exist.

(7) Information regarding the substructure, foundation walls and footings, porches, patios and steps, air vents, abutments, attic spaces, roof framing that includes the eaves, rafters, fascias, exposed timbers, exposed sheathing, ceiling joists, and attic walls, or other parts subject to attack by wood destroying pests or organisms. Conditions usually deemed likely to lead to infestation or infection, such as earth-wood contacts, excessive cellulose debris, faulty grade levels, excessive moisture conditions, evidence of roof leaks, and insufficient ventilation are to be reported.

(8) One of the following statements, as appropriate, printed in bold type:

(A) The exterior surface of the roof was not inspected. If you want the water tightness of the roof determined, you should contact a roofing contractor who is licensed by the Contractors' State License Board.

(B) The exterior surface of the roof was inspected to determine whether or not wood destroying pests or organisms are present.

(9) Indication or description of any areas that are inaccessible or not inspected with recommendation for further inspection if practicable. If, after the report has been made in compliance with this section, authority is given later to open inaccessible areas, a supplemental report on conditions in these areas shall be made.

(10) Recommendations for corrective measures.

(11) Information regarding the pesticide or pesticides to be used for their control as set forth in subdivision (a) of Section 8538.

(12) The inspection report shall clearly disclose that if requested by the person ordering the original report, a reinspection of the structure will be performed if an estimate or bid for making repairs was given with the original inspection report, or thereafter.

(13) The inspection report shall contain the following statement, printed in boldface type:

“NOTICE: Reports on this structure prepared by various registered companies should list the same findings (i.e. termite infestations, termite damage, fungus damage, etc.). However, recommendations to correct these findings may vary from company to company. You have a right to seek a second opinion from another company.”

An estimate or bid for repairs shall be given separately allocating the costs to perform each and every recommendation for corrective measures as specified in subdivision (c) with the original inspection report if the person who ordered the original inspection report so requests, and if the registered company is regularly in the business of performing corrective measures.

If no estimate or bid was given with the original inspection report, or thereafter, then the registered company shall not be required to perform a reinspection.

A reinspection shall be an inspection of those items previously listed on an original report to determine if the recommendations have been completed. Each reinspection shall be reported on an original inspection report form and shall be labeled “Reinspection” in capital letters by rubber stamp or typewritten. Each reinspection shall also identify the original report by date.

After four months from an original inspection, all inspections shall be original inspections and not reinspections.

Any reinspection shall be performed for not more than the price of the registered company’s original inspection price and shall be completed within 10 working days after a reinspection has been ordered.

(c) At the time a report is ordered, the registered company or licensee shall inform the person or entity ordering the report, that a separated report is available pursuant to this subdivision. If a separated report is requested at the time the inspection report is ordered, the registered company or licensee shall separately identify on the report each recommendation for corrective measures as follows:

- (1) The infestation or infection that is evident.
- (2) The conditions that are present that are deemed likely to lead to infestation or infection.

If a registered company or licensee fails to inform as required by this subdivision and a dispute arises, or if any other dispute arises as to whether this subdivision has been complied with, a separated report shall be provided within 24 hours of the request but, in no event, later than the next business day, and at no additional cost.

(d) When a corrective condition is identified, either as paragraph (1) or (2) of subdivision (c), and the responsible party, as negotiated between the buyer and the seller, chooses not to correct those conditions, the

registered company or licensee shall not be liable for damages resulting from a failure to correct those conditions or subject to any disciplinary action by the board. Nothing in this subdivision, however, shall relieve a registered company or a licensee of any liability resulting from negligence, fraud, dishonest dealing, other violations pursuant to this chapter, or contractual obligations between the registered company or licensee and the responsible parties.

(e) The inspection report form prescribed by the board shall separately identify the infestation or infection that is evident and the conditions that are present that are deemed likely to lead to infestation or infection. If a separated form is requested, the form shall explain the infestation or infection that is evident and the conditions that are present that are deemed likely to lead to infestation or infection and the difference between those conditions. In no event, however, shall conditions deemed likely to lead to infestation or infection be characterized as actual “defects” or as actual “active” infestations or infections or in need of correction as a precondition to issuing a certification pursuant to Section 8519.

(f) The report and any contract entered into shall also state specifically when any guarantee for the work is made, and if so, the specific terms of the guarantee and the period of time for which the guarantee shall be in effect.

(g) Control service is defined as the regular reinspection of a property after a report has been made in compliance with this section and any corrections as have been agreed upon have been completed. Under a control service agreement a registered company shall refer to the original report and contract in a manner as to identify them clearly, and the report shall be assumed to be a true report of conditions as originally issued, except it may be modified after a control service inspection. A registered company is not required to issue a report as outlined in paragraphs (1) to (11), inclusive, of subdivision (b) after each control service inspection. If after control service inspection, no modification of the original report is made in writing, then it will be assumed that conditions are as originally reported. A control service contract shall state specifically the particular wood destroying pests or organisms and the portions of the buildings or structures covered by the contract.

(h) A registered company or licensee may enter into and maintain a control service agreement provided the following requirements are met:

(1) The control service agreement shall be in writing, signed by both parties, and shall specifically include the following:

(A) The wood destroying pests and organisms that could infest and infect the structure.

(B) The wood destroying pests and organisms covered by the control service agreement. Any wood destroying pest or organism that is not covered must be specifically listed.

(C) The type and manner of treatment to be used to correct the infestations or infections.

(D) The structures or buildings, or portions thereof, covered by the agreement, including a statement specifying whether the coverage for purposes of periodic inspections is limited or full. Any exclusions from those described in the original report must be specifically listed.

(E) A reference to the original inspection report and agreement.

(F) The frequency of the inspections to be provided, the fee to be charged for each renewal, and the duration of the agreement.

(G) Whether the fee includes structural repairs.

(H) If the services provided are guaranteed, and, if so, the terms of the guarantee.

(I) A statement that all corrections of infestations or infections covered by the control service agreement shall be completed within six months of discovery, unless otherwise agreed to in writing by both parties.

(2) Inspections made pursuant to a control service agreement shall be conducted by a Branch 3 licensee. Section 8506.1 does not modify this provision.

(3) A full inspection of the property covered by the control service agreement shall be conducted and a report filed pursuant to subdivision (b) at least once every three years from the date that the agreement was entered into, unless the consumer cancels the contract within three years from the date the agreement was entered into.

(4) A written report shall be required for the correction of any infestation or infection unless all of the following conditions are met:

(A) The infestation or infection has been previously reported.

(B) The infestation or infection is covered by the control service agreement.

(C) There is no additional charge for correcting the infestation or infection.

(D) Correction of the infestation or infection takes place within 45 days of its discovery.

(E) Correction of the infestation or infection does not include fumigation.

(5) All notice requirements pursuant to Section 8538 shall apply to all pesticide treatments conducted under control service agreements.

(6) For purposes of this section, "control service agreement" means any agreement, including extended warranties, to have a licensee conduct over a period of time regular inspections and other activities



related to the control or eradication of wood destroying pests and organisms.

(i) All work recommended by a registered company, where an estimate or bid for making repairs was given with the original inspection report, or thereafter, shall be recorded on this report or a separate work agreement and shall specify a price for each recommendation. This information shall be provided to the person requesting the inspection, and shall be retained by the registered company with the inspection report copy for three years.

SEC. 15. Section 8663 of the Business and Professions Code is amended to read:

8663. (a) This section only applies to work conducted under a Branch 1 license.

(b) The board or county agricultural commissioners, when acting pursuant to Section 8616.4, may levy a fine of up to one thousand dollars (\$1,000) against a registered company acting as a prime contractor for any major violation committed by any licensee with whom the prime contractor has subcontracted if, before that violation occurred, the prime contractor had been notified by certified mail, return receipt requested, of more than two major violations committed by the subcontractor within 12 consecutive months.

Fines collected pursuant to this section shall be paid to the Education and Enforcement Account in the Structural Pest Control Education and Enforcement Fund.

(c) For purposes of this section, "major violation" means a violation of any of the following provisions of this code or of the California Code of Regulations that poses a serious hazard to humans:

(1) A violation of subdivision (a) or (b) of Section 1970.4 of Title 16 of, or Section 6454 of Title 3 of, the California Code of Regulations, or a violation of Section 8505.5.

(2) Any violation of the structural pest control law that results in a serious injury to any person.

(3) A violation of Section 8505.2 or 8505.3, relating to direct and personal supervision.

(4) A violation of Section 8505.7, relating to vacating and securing structures.

(5) A violation of subdivision (a) of Section 6780 of Title 3 of the California Code of Regulations.

(6) A violation of Section 6454 of Title 3 of the California Code of Regulations.

(7) A violation of Section 8505.12, relating to warning agents.

(8) A violation of Section 8505.9 or 8505.10, relating to warning signs.



(d) A copy of a notice of violation issued for any violation committed by a subcontractor shall be sent by certified mail to the prime contractor by the issuing authority within 15 days from the date the violation was committed.

(e) Notwithstanding subdivision (b), a prime contractor may be fined for a subcontractor's first violation for failing to have a signed factsheet on the premises being treated, or if the subcontractor fails to provide advance notice of a treatment to the occupants of the premises being treated.

SEC. 16. Section 8674 of the Business and Professions Code is amended to read:

8674. The fees prescribed by this chapter are the following:

- (a) A duplicate license fee of not more than two dollars (\$2).
- (b) A fee for filing a change of name of a licensee of not more than two dollars (\$2).
- (c) An operator's examination fee of not more than twenty-five dollars (\$25).
- (d) An operator's license fee of not more than one hundred fifty dollars (\$150).
- (e) An operator's license renewal fee of not more than one hundred fifty dollars (\$150).
- (f) A company registration fee of not more than one hundred twenty dollars (\$120).
- (g) A branch office registration fee of not more than sixty dollars (\$60).
- (h) A field representative's examination fee of not more than fifteen dollars (\$15).
- (i) A field representative's license fee of not more than forty-five dollars (\$45).
- (j) A field representative's license renewal fee of not more than forty-five dollars (\$45).
- (k) An applicator's examination fee of not more than fifteen dollars (\$15).
- (l) An applicator's license fee of not more than fifty dollars (\$50).
- (m) An applicator's license renewal fee of not more than fifty dollars (\$50).
- (n) An activity form fee, per property address, of not more than three dollars (\$3).
- (o) A fee for certifying a copy of an activity form of not more than three dollars (\$3).
- (p) A fee for filing a change of a registered company's name, principal office address, or branch office address, qualifying manager, or the names of a registered company's officers, or bond or insurance of not more than twenty-five dollars (\$25) for each change.

(q) A fee for approval of continuing education providers of not more than fifty dollars (\$50).

(r) A pesticide use report filing fee of not more than five dollars (\$5) for each pesticide use report or combination of use reports representing a registered structural pest control company's total county pesticide use for the month.

(s) A fee for approval of continuing education courses of not more than twenty-five dollars (\$25).

(t) (1) Any person who pays a fee pursuant to subdivision (r) shall, in addition, pay a fee of two dollars (\$2) for each pesticide use stamp purchased from the board. Notwithstanding any other provision of law, the fee established pursuant to this subdivision shall be deposited with a bank or other depository approved by the Department of Finance and designated by the Research Advisory Panel or into the Structural Pest Control Research Fund that is hereby created and continuously appropriated to be used only for structural pest control research. If the Research Advisory Panel designates that the fees be deposited in an account other than the Structural Pest Control Research Fund, any moneys in the fund shall be transferred to the designated account.

(2) Prior to the deposit of any funds, the depository shall enter into an agreement with the Department of Consumer Affairs that includes, but is not limited to, all of the following requirements:

(A) The depository shall serve as custodian for the safekeeping of the funds.

(B) Funds deposited in the designated account shall be encumbered solely for the exclusive purpose of implementing and continuing the program for which they were collected.

(C) Funds deposited in the designated account shall be subject to an audit at least once every two years by an auditor selected by the Director of Consumer Affairs. A copy of the audit shall be provided to the director within 30 days of completion of the audit.

(D) The Department of Consumer Affairs shall be reimbursed for all expenses it incurs that are reasonably related to implementing and continuing the program for which the funds were collected in accordance with the agreement.

(E) A reserve in an amount sufficient to pay for costs arising from unanticipated occurrences associated with administration of the program shall be maintained in the designated account.

(3) A charge for administrative expenses of the board in an amount not to exceed 5 percent of the amount collected and deposited in the Structural Pest Control Research Fund may be assessed against the fund. The charge shall be limited to expenses directly related to the administration of the fund.

(4) The board shall, by regulation, establish a five-member research advisory panel including, but not limited to, representatives from each of the following: (A) the Structural Pest Control Board, (B) the structural pest control industry, (C) the Department of Pesticide Regulation, and (D) the University of California. The panel, or other entity designated by the board, shall solicit on behalf of the board all requests for proposals and present to the panel all proposals that meet the criteria established by the panel. The panel shall review the proposals and recommend to the board which proposals to accept. The recommendations shall be accepted upon a two-thirds vote of the board. The board shall direct the panel, or other entity designated by the board, to prepare and issue the research contracts and authorize the transfer of funds from the Structural Pest Control Research Fund to the applicants whose proposals were accepted by the board.

(5) A charge for requests for proposals, contracts, and monitoring of contracted research shall not exceed 5 percent of the research funds available each year and shall be paid from the Structural Pest Control Research Fund.

SEC. 17. Section 9812.5 of the Business and Professions Code is amended to read:

9812.5. The director shall gather evidence of violations of this chapter and of any regulation established hereunder by any service contractor, whether registered or not, and by any employee, partner, officer, or member of any service contractor. The director shall, on his or her own initiative, conduct spot check investigations of service contractors throughout the state on a continuous basis. 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. 18. Section 9814 of the Business and Professions Code is amended to read:

9814. The director may establish and enforce regulations as may be reasonable for the conduct of service dealers and for the general enforcement of the various provisions of this chapter in the protection of the public. The director may, by regulation, define the scope of the terms described in subdivisions (g) to (q), inclusive, of Section 9801 to include items of the same general nature or class as those enumerated therein. The director shall distribute to each registered service dealer copies of this chapter and of the regulations thereunder. These regulations shall be adopted, amended, or repealed in accordance with the provisions of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

SEC. 19. Section 9830.5 of the Business and Professions Code is amended to read:

9830.5. Each service contractor shall pay the fee required by this chapter for each place of business operated by him or her in this state and shall register with the bureau upon forms prescribed by the director. The forms shall contain sufficient information to identify the service contractor, including name, address, retail seller's permit number, if a permit is required under the Sales and Use Tax Law (Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code), a copy of the certificate of qualification as filed with the Secretary of State if the service contractor is a foreign corporation, and other identifying data to be prescribed by the bureau. If the business is to be carried on under a fictitious name, that fictitious name shall be stated. If the service contractor is a partnership, identifying data shall be stated for each partner. If the service contractor is a private company that does not file an annual report on Form 10-K with the Securities and Exchange Commission, data shall be included for each of the officers and directors of the company as well as for the individual in charge of each place of the service contractor's business in the State of California, subject to any regulations the director may adopt. If the service contractor is a publicly held corporation or a private company that files an annual report on Form 10-K with the Securities and Exchange Commission, it shall be sufficient for purposes of providing data for each of the officers and directors of the corporation or company to file with the director the most recent annual report on Form 10-K that is filed with the Securities and Exchange Commission.

A service contractor who does not operate a place of business in this state but who sells, issues, or administers service contracts in this state, shall hold a valid registration issued by the bureau and shall pay the registration fee required by this chapter as if he or she had a place of business in this state.

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. 20. Section 9832.5 of the Business and Professions Code is amended to read:

9832.5. (a) Registrations issued under this chapter shall expire no more than 12 months after the issue date. The expiration date of registrations shall be set by the director in a manner to best distribute renewal procedures throughout the year.

(b) To renew an unexpired registration, the service contractor shall, on or before the expiration date of the registration, apply for renewal on a form prescribed by the director, and pay the renewal fee prescribed by this chapter.

(c) To renew an expired registration, the service contractor shall apply for renewal on a form prescribed by the director, pay the renewal fee in

effect on the last regular renewal date, and pay all accrued and unpaid delinquency and renewal fees.

(d) Renewal is effective on the date that the application is filed, the renewal fee is paid, and all delinquency fees are paid.

(e) For purposes of implementing the distribution of the renewal of registrations throughout the year, the director may extend, by not more than six months, the date fixed by law for renewal of a registration, except that, in that event, any renewal fee that may be involved shall be prorated in such a manner that no person shall be required to pay a greater or lesser fee than would have been required had the change in renewal dates not occurred.

(f) 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. 21. Section 9847.5 of the Business and Professions Code is amended to read:

9847.5. Each service contractor shall maintain those records as are required by the regulations adopted to carry out the provisions of this chapter for a period of at least three years. These records shall be open for reasonable inspection by the director or other law enforcement officials.

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. 22. Section 9849 of the Business and Professions Code, as amended by Section 41 of Chapter 401 of the Statutes of 1997, is amended to read:

9849. The expiration of a valid registration shall not deprive the director of jurisdiction to proceed with any investigation or hearing on a cease and desist order against a service dealer or to render a decision invalidating a registration temporarily or permanently.

This section shall become operative on January 1, 2008.

SEC. 23. Section 9849 of the Business and Professions Code, as amended by Section 40 of Chapter 401 of the Statutes of 1997, is amended to read:

9849. The expiration of a valid registration shall not deprive the director of jurisdiction to proceed with any investigation or hearing on a cease and desist order against a service dealer or service contractor or to render a decision invalidating a registration temporarily or permanently.

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. 24. Section 9851 of the Business and Professions Code, as amended by Section 43 of Chapter 401 of the Statutes of 1997, is amended to read:

9851. The superior court in and for the county wherein any person carries on, or attempts to carry on, business as a service dealer in violation of the provisions of this chapter, or any regulation thereunder, shall, on application of the director, issue an injunction or other appropriate order restraining that conduct.

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, except that the director shall not be required to allege facts necessary to show or tending to show lack of an adequate remedy at law or irreparable injury.

This section shall become operative on January 1, 2008.

SEC. 25. Section 9851 of the Business and Professions Code, as amended by Section 42 of Chapter 401 of the Statutes of 1997, is amended to read:

9851. The superior court in and for the county wherein any person carries on, or attempts to carry on, business as a service dealer or service contractor in violation of the provisions of this chapter, or any regulation thereunder, shall, on application of the director, issue an injunction or other appropriate order restraining that conduct.

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, except that the director shall not be required to allege facts necessary to show or tending to show lack of an adequate remedy at law or irreparable injury.

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 9853 of the Business and Professions Code, as amended by Section 45 of Chapter 401 of the Statutes of 1997, is amended to read:

9853. 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, and duties of a service dealer is deemed to be a conviction within the meaning of this article. The director may order the registration temporarily or permanently invalidated, or may decline to issue a registration, 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 that 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 become operative on January 1, 2008.

SEC. 27. Section 9853 of the Business and Professions Code, as amended by Section 44 of Chapter 401 of the Statutes of 1997, is amended to read:

9853. 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, and duties of a service dealer or service contractor is deemed to be a conviction within the meaning of this article. The director may order the registration temporarily or permanently invalidated, or may decline to issue a registration, 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 that 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. 28. Section 9855.9 of the Business and Professions Code is amended to read:

9855.9. This article 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 9860 of the Business and Professions Code, as amended by Section 51 of Chapter 401 of the Statutes of 1997, is amended to read:

9860. The director shall establish procedures for accepting complaints from the public against any service dealer.

This section shall become operative on January 1, 2008.

SEC. 30. Section 9860 of the Business and Professions Code, as amended by Section 50 of Chapter 401 of the Statutes of 1997, is amended to read:

9860. The director shall establish procedures for accepting complaints from the public against any service dealer or service contractor.

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 9862.5 of the Business and Professions Code is amended to read:



9862.5. If a complaint indicates a possible violation of this chapter or of the regulations adopted pursuant to this chapter, the director may advise the service contractor of the contents of the complaint and, if the service contractor is so advised, the director shall make a summary investigation of the facts after the service dealer has had reasonable opportunity to reply thereto.

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 9863 of the Business and Professions Code, as amended by Section 54 of Chapter 401 of the Statutes of 1997, is amended to read:

9863. If, upon summary investigation, it appears probable to the director that a violation of this chapter, or the regulations thereunder, has occurred, the director, in his or her discretion, may suggest measures that in the director's judgment would compensate the complainant for the damages he or she has suffered as a result of the alleged violation. If the service dealer accepts the director's suggestions and performs accordingly, the director shall give that fact due consideration in any subsequent disciplinary proceeding. If the service dealer declines to abide by the suggestions of the director, the director may investigate further and may institute disciplinary proceedings in accordance with the provisions of this chapter.

This section shall become operative on January 1, 2008.

SEC. 33. Section 9863 of the Business and Professions Code, as amended by Section 53 of Chapter 401 of the Statutes of 1997, is amended to read:

9863. If, upon summary investigation, it appears probable to the director that a violation of this chapter, or the regulations thereunder, has occurred, the director, in his or her discretion, may suggest measures that in the director's judgment would compensate the complainant for the damages he or she has suffered as a result of the alleged violation. If the service dealer or service contractor accepts the director's suggestions and performs accordingly, the director shall give that fact due consideration in any subsequent disciplinary proceeding. If the service dealer or service contractor declines to abide by the suggestions of the director, the director may investigate further and may institute disciplinary proceedings in accordance with the provisions of this chapter.

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 9873 of the Business and Professions Code, as amended by Section 56 of Chapter 401 of the Statutes of 1997, is amended to read:

9873. The fees prescribed by this chapter shall be set by the director by regulation, according to the following schedule:

(a) The initial registration fee for an electronic repair industry service dealer or for an appliance repair industry service dealer is not more than one hundred sixty-five dollars (\$165) for each place of business in this state. The initial registration fee for a person who engages in business as both an electronic repair industry service dealer and an appliance repair industry service dealer is not more than three hundred twenty-five dollars (\$325).

(b) The annual registration renewal fee for an electronic repair industry service dealer or for an appliance repair industry service dealer is not more than one hundred sixty-five dollars (\$165) for each place of business in this state, if renewed prior to its expiration date. The annual renewal fee for a service dealer who engages in the business as both an electronic repair industry service dealer and an appliance repair industry service dealer is not more than three hundred dollars (\$300).

(c) The delinquency fee is an amount equal to 50 percent of the renewal fee for a license in effect on the date of renewal of the license, except as otherwise provided in Section 163.5.

This section shall become operative on January 1, 2008.

SEC. 35. Section 9873 of the Business and Professions Code, as amended by Section 2 of Chapter 1075 of the Statutes of 1998, is amended to read:

9873. The fees prescribed by this chapter shall be set by the director by regulation, according to the following schedule:

(a) (1) The initial registration fee for an electronic repair industry service dealer or for an appliance repair industry service dealer is not more than one hundred sixty-five dollars (\$165) for each place of business in this state. The initial registration fee for a service contractor is not more than seventy-five dollars (\$75) for each place of business in this state.

(2) The initial registration fee for a person who engages in business as both an electronic repair industry service dealer and an appliance repair industry service dealer is not more than three hundred twenty-five dollars (\$325) for each place of business in this state. The initial registration fee for a person who is a service contractor and engages in business as either an electronic repair industry service dealer or an appliance repair industry service dealer is not more than two hundred forty dollars (\$240) for each place of business in this state.

(3) The initial registration fee for a person who engages in both the electronic repair industry and the appliance repair industry as a service

dealer and is a service contractor is not more than four hundred dollars (\$400) for each place of business in this state.

(4) On or after January 1, 2000, the initial registration fee for a service contractor described in subdivision (e) of Section 12741 of the Insurance Code shall be set by the director in an amount not to exceed the actual and direct costs associated with the regulation of those service contractors, but in no event more than fifty thousand dollars (\$50,000).

A service dealer or service contractor who does not operate a place of business in this state, but engages in the electronic repair industry, the appliance repair industry, or sells, issues, or administers service contracts in this state shall pay the registration fee specified herein as if he or she had a place of business in this state.

(b) (1) The annual registration renewal fee for an electronic repair industry service dealer or for an appliance repair industry service dealer is not more than one hundred sixty-five dollars (\$165) for each place of business in this state, if renewed prior to its expiration date. The annual registration renewal fee for a service contractor is seventy-five dollars (\$75) for each place of business in this state, if renewed prior to its expiration date.

(2) The annual renewal fee for a service dealer who engages in the business as both an electronic repair industry service dealer and an appliance repair industry service dealer is not more than three hundred dollars (\$300) for each place of business in this state.

(3) The annual renewal fee for a service dealer who engages in the electronic repair industry and the appliance repair industry and is a service contractor is not more than three hundred seventy-five dollars (\$375) for each place of business in this state.

(4) It is the intent of the Legislature that the amount of the annual registration renewal fee for a service contractor described in subdivision (e) of Section 12741 of the Insurance Code shall be evaluated and set by the Legislature.

A service dealer or service contractor who does not operate a place of business in this state, but who engages in the electronic repair industry, the appliance repair industry, or sells or issues service contracts in this state shall pay the registration fee specified herein as if he or she had a place of business in this state.

(c) The delinquency fee is an amount equal to 50 percent of the renewal fee for a license in effect on the date of renewal of the license, except as otherwise provided in Section 163.5.

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. 36. Section 19010.1 of the Business and Professions Code is amended to read:

19010.1. “Custom upholsterer” means a person who, either by himself or herself or through employees or agents, repairs, reupholsters, re-covers, restores, or renews upholstered furniture, or who makes to order and specification of the user any article of upholstered furniture, using either new materials or owner’s materials.

SEC. 37. Section 19010.5 of the Business and Professions Code is amended to read:

19010.5. “Wholesaler” means a person who, on his or her own account, sells any article of upholstered furniture or bedding or filling materials to another for the purpose of resale, but shall not include an affiliate or a subsidiary where the ownership and name are identical, and that is the exclusive sales outlet of a manufacturer.

SEC. 38. Section 19011 of the Business and Professions Code is amended to read:

19011. “Manufacturer” means a person who, either by himself or herself or through employees or agents, makes any article of upholstered furniture or bedding in whole or in part, or who does the upholstery or covering of any unit thereof, using either new or secondhand material. “Manufacturer” does not, however, include a “custom upholsterer,” as defined in Section 19010.1.

SEC. 39. Section 19017 of the Business and Professions Code is amended to read:

19017. “Owner’s material” means any article or material belonging to a person for his or her own, or tenant’s use, that is sent to any manufacturer, bedding renovator, or custom upholsterer to be repaired or renovated, or used in repairing or renovating.

SEC. 40. Section 19031 of the Business and Professions Code is amended to read:

19031. The chief shall be appointed by the Governor and shall serve at his or her pleasure. His or her compensation shall be fixed by the Director of Consumer Affairs in accordance with law.

The duty of enforcing and administering this chapter is vested in the chief and he or she is responsible to the director therefor.

SEC. 41. Section 19034.5 of the Business and Professions Code is amended to read:

19034.5. All rules and regulations shall become effective not earlier than 30 days after approval by the director, and upon compliance with the procedure provided in Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

SEC. 42. Section 19049 of the Business and Professions Code is amended to read:

19049. It shall be unlawful for any person to engage in a business regulated by this chapter unless, at the time of so doing, he or she holds

a valid, unexpired license to engage in that business, in compliance with the provisions of this chapter.

SEC. 43. Section 19059.5 of the Business and Professions Code is amended to read:

19059.5. Every sanitizer shall hold a sanitizer's license unless he or she is licensed as a home medical device retail facility by the State Department of Health Services or as an upholstered furniture and bedding manufacturer, retail furniture and bedding dealer, retail bedding dealer, or custom upholsterer.

SEC. 44. Section 19060.5 of the Business and Professions Code is amended to read:

19060.5. Every person who, on his or her own account, sells either directly or indirectly to any person either at wholesale or retail any merchandise subject to this chapter by means of a car, catalog, office, or in any other manner, shall obtain the proper license for each method of sale or distribution.

SEC. 45. Section 19062 of the Business and Professions Code is amended to read:

19062. A license issued by the bureau shall be posted in a conspicuous place in the main office or principal place of business of the licensee.

SEC. 46. Section 19063 of the Business and Professions Code is amended to read:

19063. The bureau may refuse to issue any license provided for in this chapter to any individual:

(a) Who has had any license issued to him or her revoked, or whose license is under suspension, or who has failed to renew his or her license while it was under suspension.

(b) If any license of a partnership of which he or she is or was a member, or of a corporation of which he or she is or was an officer or director, or of a firm or association of which he or she is or was an officer or of which he or she is or was acting in a managerial capacity, has had any license issued to it revoked or suspended, and while acting as a member, officer, director, or in a managerial capacity he or she participated in any of the prohibited acts for which the license was revoked or suspended.

SEC. 47. Section 19064 of the Business and Professions Code is amended to read:

19064. The bureau may refuse to issue any license provided for in this chapter to any partnership, corporation, firm, or association:

(a) Who has had any license issued to it revoked, or whose license is under suspension, or who has failed to renew its license while it was under suspension.

(b) If any member of the partnership, or any officer or director of the corporation, or any officer or person acting in a managerial capacity of the firm or association has had any license issued to him or her revoked, or whose license is under suspension, or who has failed to renew his or her license while it was under suspension.

(c) If any member of the partnership, or any officer or director of the corporation, or any officer or person acting in a managerial capacity of the firm or association, was either a member of any partnership, or an officer or director of any corporation, or an officer or person acting in a managerial capacity of any firm or association, whose license has been revoked, or whose license is under suspension, or who failed to renew a license while it was under suspension, and while acting as such member, officer, director, or person acting in a managerial capacity participated in any of the prohibited acts for which any such license was revoked or suspended.

SEC. 48. Section 19072.6 of the Business and Professions Code is amended to read:

19072.6. The manufacturer of chairs and benches and similar articles, using slip seats that are manufactured by himself or herself or purchased from another, is responsible for the labeling of those articles.

SEC. 49. Section 19093 of the Business and Professions Code is amended to read:

19093. Any person who repairs or renovates upholstered furniture or bedding for the owner for his or her own or a tenant's use, shall affix the "Owner's Material" label, which shall be attached to the article before delivery to the owner.

SEC. 50. Section 19162 of the Business and Professions Code is amended to read:

19162. A custom upholsterer shall give to his or her customer a written estimate of the price of the labor and materials necessary for a specific job. No work shall be performed and no charges shall accrue before authorization to proceed is obtained from the customer, and no charge shall be made for work performed or materials supplied in excess of the estimated price without the oral or written consent of the customer obtained after it is determined that the estimated price is insufficient and before the work not estimated is performed or the materials not estimated are supplied. Nothing in this section shall be construed as requiring a custom upholsterer to give an estimate if he or she does not agree to perform the requested work. As used in this section, "materials" includes structural units, filling materials, containers, and coverings.

SEC. 51. Section 19170 of the Business and Professions Code is amended to read:

19170. (a) The fee imposed for the issuance and for the biennial renewal of each license granted under this chapter shall be set by the

chief, with the approval of the director, at a sum not more nor less than that shown in the following table:

	Maximum fee	Minimum fee
Importer’s license . . . . .	\$750	\$120
Furniture and bedding manufacturer’s license . . . . .	750	120
Wholesale furniture and bedding dealer’s license . . . . .	540	120
Supply dealer’s license . . . . .	540	120
Custom upholsterer’s license . . . . .	360	80
Sanitizer’s license . . . . .	360	80
Retail furniture and bedding dealer’s license	240	40
Retail furniture dealer’s license . . . . .	120	20
Retail bedding dealer’s license . . . . .	120	20

(b) Individuals who, in their own homes and without the employment of any other person, make, sell, advertise, or contract to make pillows, quilts, quilted pads, or comforters are exempt from the fee requirements imposed by subdivision (a). However, these individuals shall comply with all other provisions of this chapter.

(c) Retailers who only sell “used” and “antique” furniture as defined in Sections 19008.1 and 19008.2 are exempt from the fee requirements imposed by subdivision (a). Those retailers are also exempt from the other provisions of this chapter.

(d) A person who makes, sells, or advertises upholstered furniture and bedding as defined in Sections 19006 and 19007, and who also makes, sells, or advertises furniture used exclusively for the purpose of physical fitness and exercise, shall comply with the fee requirements imposed by subdivision (a).

(e) A person who has paid the required fee and who is licensed either as an upholstered furniture and bedding manufacturer or a custom upholsterer under this chapter shall not be required to additionally pay the fee for a sanitizer’s license.

SEC. 52. Section 19208 of the Business and Professions Code is amended to read:

19208. The chief or his or her authorized designee may cite any person licensed under and subject to the provisions of this chapter to participate in an office conference before the chief to show cause why he or she should not be subject to any or a range of disciplinary actions or to prosecution for any violation of this chapter.

SEC. 53. Section 19211 of the Business and Professions Code is amended to read:

19211. Any person who has been denied a license, or who has had his or her license revoked, or whose license is under suspension, or who has failed to renew his or her license while it was under suspension, or any person who has been a member of any partnership, or an officer or director of any corporation, or an officer or person acting in a managerial capacity of any firm or association, whose license has been revoked, or whose license is under suspension, or who has failed to renew a license while it was under suspension, and while acting as a member, officer, director, or person acting in a managerial capacity, participated in any of the prohibited acts for which the license was suspended, or revoked, shall be prohibited from serving as a member of any licensed partnership, or as an officer or director of any licensed corporation, or as an officer or person acting in a managerial capacity of any licensed firm or association, and the employment, election, or association of a person in this capacity by a licensee shall constitute grounds for disciplinary action against the licensee.

SEC. 54. Section 19215.1 of the Business and Professions Code is amended to read:

19215.1. The acceptance by a nonresident licensee of any of the rights and privileges conferred upon him or her by this chapter, as evidenced by his or her engaging within this state, either personally or through an agent or employee, in a business subject to license under this chapter, is equivalent to the appointment by the licensee of the director as his or her true and lawful attorney upon whom may be served all lawful process in any disciplinary proceeding conducted against him or her under this chapter.

SEC. 55. Section 19215.2 of the Business and Professions Code is amended to read:

19215.2. The acceptance of such rights and privileges as so evidenced shall signify the agreement of the licensee that any such process which is served against him or her in the manner provided in this article shall be of the same legal force and validity as if served upon him or her personally in this state.

SEC. 56. Section 19215.3 of the Business and Professions Code is amended to read:

19215.3. Service shall be made by leaving a copy of the accusation, together with a notice of defense and statement to respondent as described in Section 11505 of the Government Code, with a fee of two dollars (\$2) for each licensee to be served, in the hands of the director or in his or her office in Sacramento. This service shall be sufficient service on the licensee subject to compliance with Section 19215.4 of this code.



SEC. 57. Section 19215.4 of the Business and Professions Code is amended to read:

19215.4. A notice of such service and a copy of the accusation, together with the notice of defense and statement to respondent, shall forthwith be sent by registered mail by the director to the licensee at his or her last known address as furnished by the bureau. Personal service of this notice, copy of the accusation, notice of defense, and statement to respondent upon the licensee wherever found outside this state shall be the equivalent of this mailing.

SEC. 58. Section 19215.5 of the Business and Professions Code is amended to read:

19215.5. Proof of compliance with Section 19215.4 shall be made in the event of service by mail by affidavit of the director or his or her authorized employee showing this service by mailing, together with the return receipt of the United States post office bearing the signature of the licensee or his or her agent. The affidavit and receipt shall be appended to the original accusation on file with the bureau. In the event of personal service outside this state, compliance may be proved by the return of any duly constituted public officer qualified to serve process in civil actions in the state or jurisdiction where the licensee is found, showing such service to have been made. This return shall be appended to the original accusation on file with the bureau.

SEC. 59. Section 19215.6 of the Business and Professions Code is amended to read:

19215.6. The bureau, or if the proceeding has been assigned to a hearing officer of the Office of Administrative Hearings, the hearing officer, may order postponements or continuances and grant extensions of time that may be necessary to afford the licensee reasonable opportunity to defend the proceeding. In no event shall the licensee have less than 30 days after the date of mailing or delivery to him or her of the copy of the accusation in which to file a notice of defense, nor shall the notice of hearing provided for in Section 11509 of the Government Code or the notice and copy of affidavit referred to in Section 11514 of the Government Code be mailed or delivered less than 20 days prior to the date of hearing, and the time for making a request to cross-examine under Section 11514 of the Government Code shall be not less than 15 days.

SEC. 60. Section 19215.7 of the Business and Professions Code is amended to read:

19215.7. The director shall keep a record of all process served upon him or her pursuant to this article that shall show the day and hour of service.

SEC. 61. Section 19215.8 of the Business and Professions Code is amended to read:



19215.8. As used in this article “nonresident” means a person who is not a resident of this State at the time he or she engages in business in the State as described in Section 19215.1.

SEC. 62. Section 1791 of the Civil Code, as amended by Section 63 of Chapter 401 of the Statutes of 1997, is amended to read:

1791. As used in this chapter:

(a) “Consumer goods” means any new product or part thereof that is used, bought, or leased for use primarily for personal, family, or household purposes, except for clothing and consumables. “Consumer goods” shall include new and used assistive devices sold at retail.

(b) “Buyer” or “retail buyer” means any individual who buys consumer goods from a person engaged in the business of manufacturing, distributing, or selling consumer goods at retail. As used in this subdivision, “person” means any individual, partnership, corporation, limited liability company, association, or other legal entity that engages in any of these businesses.

(c) “Clothing” means any wearing apparel, worn for any purpose, including under and outer garments, shoes, and accessories composed primarily of woven material, natural or synthetic yarn, fiber, or leather or similar fabric.

(d) “Consumables” means any product that is intended for consumption by individuals, or use by individuals for purposes of personal care or in the performance of services ordinarily rendered within the household, and that usually is consumed or expended in the course of consumption or use.

(e) “Distributor” means any individual, partnership, corporation, association, or other legal relationship that stands between the manufacturer and the retail seller in purchases, consignments, or contracts for sale of consumer goods.

(f) “Independent repair or service facility” or “independent service dealer” means any individual, partnership, corporation, association, or other legal entity, not an employee or subsidiary of a manufacturer or distributor, that engages in the business of servicing and repairing consumer goods.

(g) “Lease” means any contract for the lease or bailment for the use of consumer goods by an individual, for a term exceeding four months, primarily for personal, family, or household purposes, whether or not it is agreed that the lessee bears the risk of the consumer goods’ depreciation.

(h) “Lessee” means an individual who leases consumer goods under a lease.

(i) “Lessor” means a person who regularly leases consumer goods under a lease.

(j) “Manufacturer” means any individual, partnership, corporation, association, or other legal relationship that manufactures, assembles, or produces consumer goods.

(k) “Place of business” means, for the purposes of any retail seller that sells consumer goods by catalog or mail order, the distribution point for consumer goods.

(l) “Retail seller,” “seller,” or “retailer” means any individual, partnership, corporation, association, or other legal relationship that engages in the business of selling or leasing consumer goods to retail buyers.

(m) “Return to the retail seller” means, for the purposes of any retail seller that sells consumer goods by catalog or mail order, the retail seller’s place of business, as defined in subdivision (k).

(n) “Sale” means either of the following:

(1) The passing of title from the seller to the buyer for a price.

(2) A consignment for sale.

(o) “Service contract” means a contract in writing to perform, over a fixed period of time or for a specified duration, services relating to the maintenance or repair of a consumer product, except that this term does not include a policy of automobile insurance, as defined in Section 116 of the Insurance Code.

(p) “Assistive device” means any instrument, apparatus, or contrivance, including any component or part thereof or accessory thereto, that is used or intended to be used, to assist an individual with a disability in the mitigation or treatment of an injury or disease or to assist or affect or replace the structure or any function of the body of an individual with a disability, except that this term does not include prescriptive lenses and other ophthalmic goods unless they are sold or dispensed to a blind person, as defined in Section 19153 of the Welfare and Institutions Code and unless they are intended to assist the limited vision of the person so disabled.

(q) “Catalog or similar sale” means a sale in which neither the seller nor any employee or agent of the seller nor any person related to the seller nor any person with a financial interest in the sale participates in the diagnosis of the buyer’s condition or in the selection or fitting of the device.

(r) “Home appliance” means any refrigerator, freezer, range, microwave oven, washer, dryer, dishwasher, garbage disposal, trash compactor, or room air-conditioner normally used or sold for personal, family, or household purposes.

(s) “Home electronic product” means any television, radio, antenna rotator, audio or video recorder or playback equipment, video camera, video game, video monitor, computer equipment, telephone, telecommunications equipment, electronic alarm system, electronic

appliance control system, or other kind of electronic product, if it is normally used or sold for personal, family, or household purposes. The term includes any electronic accessory that is normally used or sold with a home electronic product for one of those purposes. The term excludes any single product with a wholesale price to the retail seller of less than fifty dollars (\$50).

This section shall become operative on January 1, 2008.

SEC. 63. Section 1791 of the Civil Code, as amended by Section 2 of Chapter 196 of the Statutes of 1998, is amended to read:

1791. As used in this chapter:

(a) “Consumer goods” means any new product or part thereof that is used, bought, or leased for use primarily for personal, family, or household purposes, except for clothing and consumables. “Consumer goods” shall include new and used assistive devices sold at retail.

(b) “Buyer” or “retail buyer” means any individual who buys consumer goods from a person engaged in the business of manufacturing, distributing, or selling consumer goods at retail. As used in this subdivision, “person” means any individual, partnership, corporation, limited liability company, association, or other legal entity that engages in any such business.

(c) “Clothing” means any wearing apparel, worn for any purpose, including under and outer garments, shoes, and accessories composed primarily of woven material, natural or synthetic yarn, fiber, or leather or similar fabric.

(d) “Consumables” means any product that is intended for consumption by individuals, or use by individuals for purposes of personal care or in the performance of services ordinarily rendered within the household, and that usually is consumed or expended in the course of consumption or use.

(e) “Distributor” means any individual, partnership, corporation, association, or other legal relationship that stands between the manufacturer and the retail seller in purchases, consignments, or contracts for sale of consumer goods.

(f) “Independent repair or service facility” or “independent service dealer” means any individual, partnership, corporation, association, or other legal entity, not an employee or subsidiary of a manufacturer or distributor, that engages in the business of servicing and repairing consumer goods.

(g) “Lease” means any contract for the lease or bailment for the use of consumer goods by an individual, for a term exceeding four months, primarily for personal, family, or household purposes, whether or not it is agreed that the lessee bears the risk of the consumer goods’ depreciation.

(h) "Lessee" means an individual who leases consumer goods under a lease.

(i) "Lessor" means a person who regularly leases consumer goods under a lease.

(j) "Manufacturer" means any individual, partnership, corporation, association, or other legal relationship that manufactures, assembles, or produces consumer goods.

(k) "Place of business" means, for the purposes of any retail seller that sells consumer goods by catalog or mail order, the distribution point for these goods.

(l) "Retail seller," "seller," or "retailer" means any individual, partnership, corporation, association, or other legal relationship that engages in the business of selling or leasing consumer goods to retail buyers.

(m) "Return to the retail seller" means, for the purposes of any retail seller that sells consumer goods by catalog or mail order, the retail seller's place of business, as defined in subdivision (k).

(n) "Sale" means either of the following:

(1) The passing of title from the seller to the buyer for a price.

(2) A consignment for sale.

(o) "Service contract" means a contract in writing to perform, for an additional cost, over a fixed period of time or for a specified duration, services relating to the maintenance, replacement, or repair of a consumer product, except that this term does not include a policy of automobile insurance, as defined in Section 116 of the Insurance Code.

(p) "Service contract administrator" or "administrator" means a person, other than a service contract seller or an insurer admitted to do business in this state, who performs or arranges, or has an affiliate who performs or arranges, the collection, maintenance, or disbursement of moneys to compensate any party for claims or repairs pursuant to a service contract, and who also performs or arranges, or has an affiliate who performs or arranges, any of the following activities on behalf of service contract sellers:

(1) Providing service contract sellers with service contract forms.

(2) Participating in the adjustment of claims arising from service contracts.

(3) Arranging on behalf of service contract sellers the insurance required by Section 9855.2 of the Business and Professions Code. A service contract administrator shall not be an obligor on a service contract.

(q) "Service contract seller" or "seller" means a person who sells or offers to sell a service contract to a service contractholder, including a person who is the obligor under a service contract sold by the seller, manufacturer, or repairer of the product covered by the service contract.

(r) "Service contractor" means a service contract administrator or a service contract seller.

(s) "Assistive device" means any instrument, apparatus, or contrivance, including any component or part thereof or accessory thereto, that is used or intended to be used, to assist an individual with a disability in the mitigation or treatment of an injury or disease or to assist or affect or replace the structure or any function of the body of an individual with a disability, except that this term does not include prescriptive lenses and other ophthalmic goods unless they are sold or dispensed to a blind person, as defined in Section 19153 of the Welfare and Institutions Code, and unless they are intended to assist the limited vision of the person so disabled.

(t) "Catalog or similar sale" means a sale in which neither the seller nor any employee or agent of the seller nor any person related to the seller nor any person with a financial interest in the sale participates in the diagnosis of the buyer's condition or in the selection or fitting of the device.

(u) "Home appliance" means any refrigerator, freezer, range, microwave oven, washer, dryer, dishwasher, garbage disposal, trash compactor, room air-conditioner, or other kind of appliance product normally used or sold for personal, family, or household purposes.

(v) "Home electronic product" means any television, radio, antenna rotator, audio or video recorder or playback equipment, video camera, video game, video monitor, computer equipment, telephone, telecommunications equipment, electronic alarm system, electronic appliance control system, or other kind of electronic product, if it is normally used or sold for personal, family, or household purposes. The term includes any electronic accessory that is normally used or sold with a home electronic product for one of those purposes. The term excludes any single product with a wholesale price to the retail seller of less than fifty dollars (\$50).

(w) "Obligor" is the entity financially and legally obligated under the terms of a service contract.

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. 64. Section 1794.4 of the Civil Code, as amended by Section 65 of Chapter 401 of the Statutes of 1997, is amended to read:

1794.4. (a) Nothing in this chapter shall be construed to prevent the sale of a service contract to the buyer in addition to or in lieu of an express warranty if that contract fully and conspicuously discloses in simple and readily understood language the terms, conditions, and exclusions of that contract, provided that nothing in this section shall apply to a home protection contract issued by a home protection company that is subject

to Part 7 (commencing with Section 12740) of Division 2 of the Insurance Code.

(b) Except as otherwise expressly provided in the service contract, every service contract shall obligate the service contractor to provide to the buyer of the product all of the services and functional parts that may be necessary to maintain proper operation of the entire product under normal operation and service for the duration of the service contract and without additional charge.

(c) The service contract shall contain all of the following items of information:

(1) A clear description and identification of the covered product.

(2) The point in time or event when the term of the service contract commences, and its duration measured by elapsed time or an objective measure of use.

(3) If the enforceability of the service contract is limited to the original buyer or is limited to persons other than every consumer owner of the covered product during the term of the service contract, a description of the limits on transfer or assignment of the service contract.

(4) A statement of the general obligation of the service contractor in the same language set forth in subdivision (b), with equally clear and conspicuous statements of the following:

(A) Any services, parts, characteristics, components, properties, defects, malfunctions, causes, conditions, repairs, or remedies that are excluded from the scope of the service contract.

(B) Any other limits on the application of the language in subdivision (b) such as a limit on the total number of service calls.

(C) Any additional services that the service contractor will provide.

(D) Whether the obligation of the service contractor includes preventive maintenance and, if so, the nature and frequency of the preventive maintenance that the service contractor will provide.

(E) Whether the buyer has an obligation to provide preventive maintenance or perform any other obligations and, if so, the nature and frequency of the preventive maintenance and of any other obligations, and the consequences of any noncompliance.

(5) A step-by-step explanation of the procedure that the buyer should follow in order to obtain performance of any obligation under the service contract including the following:

(A) The full legal and business name of the service contractor.

(B) The mailing address of the service contractor.

(C) The persons or class of persons that are authorized to perform service.

(D) The name or title and address of any agent, employee, or department of the service contractor that is responsible for the performance of any obligations.

(E) The method of giving notice to the service contractor of the need for service.

(F) Whether in-home service is provided or, if not, whether the costs of transporting the product, for service or repairs will be paid by the service contractor.

(G) If the product must be transported to the service contractor, either the place where the product may be delivered for service or repairs or a toll-free telephone number that the buyer may call to obtain that information.

(H) All other steps that the buyer must take to obtain service.

(I) All fees, charges, and other costs that the buyer must pay to obtain service.

(6) An explanation of the steps that the service contractor will take to carry out its obligations under the service contract.

(7) A description of any right to cancel the contract if the buyer returns the product or the product is sold, lost, stolen, or destroyed, or, if there is no right to cancel or the right to cancel is limited, a statement of the fact.

(8) Information respecting the availability of any informal dispute settlement process.

(d) Subdivisions (b) and (c) are applicable to service contracts on new or used home appliances and home electronic products entered into on or after July 1, 1989. They are applicable to service contracts on all other new or used products entered into on and after July 1, 1991.

(e) This section shall become operative on January 1, 2008.

SEC. 65. Section 1794.4 of the Civil Code, as amended by Section 64 of Chapter 401 of the Statutes of 1997, is amended to read:

1794.4. (a) Nothing in this chapter shall be construed to prevent the sale of a service contract to the buyer in addition to, or in lieu of, an express warranty if that contract fully and conspicuously discloses in simple and readily understood language the terms, conditions, and exclusions of that contract, provided that nothing in this section shall apply to a home protection contract issued by a home protection company that is subject to Part 7 (commencing with Section 12740) of Division 2 of the Insurance Code.

(b) Except as otherwise expressly provided in the service contract, every service contract shall obligate the service contract seller to provide to the buyer of the product all of the services and functional parts that may be necessary to maintain proper operation of the entire product under normal operation and service for the duration of the service contract and without additional charge.

(c) The service contract shall contain all of the following items of information:

(1) A clear description and identification of the covered product.



(2) The point in time or event when the term of the service contract commences, and its duration measured by elapsed time or an objective measure of use.

(3) If the enforceability of the service contract is limited to the original buyer or is limited to persons other than every consumer owner of the covered product during the term of the service contract, a description of the limits on transfer or assignment of the service contract.

(4) A statement of the general obligation of the service contract seller in the same language set forth in subdivision (b), with equally clear and conspicuous statements of the following:

(A) Any services, parts, characteristics, components, properties, defects, malfunctions, causes, conditions, repairs, or remedies that are excluded from the scope of the service contract.

(B) Any other limits on the application of the language in subdivision (b) such as a limit on the total number of service calls.

(C) Any additional services that the service contract seller will provide.

(D) Whether the obligation of the service contract seller includes preventive maintenance and, if so, the nature and frequency of the preventive maintenance that the service contractor will provide.

(E) Whether the buyer has an obligation to provide preventive maintenance or perform any other obligations and, if so, the nature and frequency of the preventive maintenance and of any other obligations, and the consequences of any noncompliance.

(5) A step-by-step explanation of the procedure that the buyer should follow in order to obtain performance of any obligation under the service contract, including the following:

(A) The full legal and business name of the service contract seller.

(B) The mailing address of the service contract seller.

(C) The persons or class of persons that are authorized to perform service.

(D) The name or title and address of any administrator, agent, employee, or department of the service contract seller that is responsible for the performance of any obligations.

(E) The method of giving notice to the service contract seller of the need for service.

(F) Whether in-home service is provided or, if not, whether the costs of transporting the product, for service or repairs will be paid by the service contract seller.

(G) If the product must be transported to the service contract seller, either the place where the product may be delivered for service or repairs or a toll-free telephone number that the buyer may call to obtain that information.

(H) All other steps that the buyer must take to obtain service.



(I) All fees, charges, and other costs that the buyer must pay to obtain service.

(6) An explanation of the steps that the service contract seller will take to carry out its obligations under the service contract.

(7) A description of any right to cancel the contract if the buyer returns the product or the product is sold, lost, stolen, or destroyed, or, if there is no right to cancel or the right to cancel is limited, a statement of the fact.

(8) Information respecting the availability of any informal dispute settlement process.

(9) A statement identifying the person who is financially and legally obligated to perform the services specified in the service contract, including the name and address of that person.

Nothing in this subdivision shall preclude a service contract seller from designating an administrator that a service contract holder may initially contact for performance of the obligations under the service contract.

(d) Subdivisions (b) and (c) are applicable to service contracts on new or used home appliances and home electronic products entered into on or after July 1, 1989. They are applicable to service contracts on all other new or used products entered into on and after July 1, 1991.

(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. 66. Section 94050 of the Education Code is amended to read: 94050. (a) It is the intent of the Legislature in enacting this chapter to prevent deceptive and misleading use of the terms “college” and “university” by businesses and other organizations that present themselves as institutions of higher education but are not authorized to operate as private postsecondary educational institutions under Chapter 7 (commencing with Section 94700).

(b) No person shall designate a business, social, political, religious, or other organization operating in this state, including, but not limited to, any firm, association, partnership, or corporation, as a “college” or “university.”

(c) This section does not apply to the designation of any of the following:

(1) A postsecondary or vocational educational institution established, operated, and governed by a public entity, or by a firm, association, partnership, or corporation using the name of that institution with the permission of the institution.

(2) A nonprofit religious institution described in paragraph (6) of subdivision (b) of Section 94739.

(3) A bona fide trade, business, professional, or fraternal organization that either sponsors no educational services or sponsors educational services solely for the membership of the organization.

(d) Any person violating this section is guilty of a misdemeanor.

SEC. 67. Section 94771 of the Education Code is amended to read:

94771. (a) The duty of administering and enforcing this chapter is vested in the Director of Consumer Affairs, who may assign and delegate those duties to a bureau chief, subject to the other provisions of this section.

(b) Every power granted to, or duty imposed upon, the bureau under this chapter may be exercised or performed in the name of the bureau, subject to any conditions and limitations the director may prescribe. The bureau chief may redelegate any of those powers or duties to his or her designee. The bureau chief shall be appointed by the Governor and confirmed by the Senate, and is exempt from the State Civil Service Act (Part 2 (commencing with Section 18500) of Division 5 of Title 2 of the Government Code).

(c) The director, in accordance with the State Civil Service Act, may appoint and fix the compensation of such clerical, inspection, investigation, evaluation, and auditing personnel, as may be necessary to carry out this chapter.

(d) The proceedings under this chapter shall be conducted by the bureau in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code. To the extent of any conflict between any of the provisions of this chapter and Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, that Chapter 5 shall prevail.

(e) The director shall appoint an advisory committee that shall consist of representatives of institutions, student advocates, and employers who hire students, among other parties. The advisory committee shall be balanced to ensure that institutions and student advocates have approximate equal representation. Institutional representatives on the committee shall be in general proportion to the types of institutions approved or registered pursuant to this chapter and to the number of students served by each type of institution. The advisory committee shall advise the bureau concerning the bureau's administration, licensing, and enforcement functions under this chapter.

SEC. 68. Section 15376 of the Government Code is amended to read:

15376. All state agencies that issue permits shall adopt regulations regarding their procedures for considering and issuing permits, specifying the following criteria.

(a) A period dating from the receipt of a permit application within which the agency must either inform the applicant, in writing, that the

application is complete and accepted for filing, or that the application is deficient and what specific information is required.

(b) A period dating from the filing of a completed application within which the agency must reach a permit decision.

(c) The agency's median, minimum, and maximum times for processing a permit, from the receipt of the initial application to the final permit decision, based on the agency's actual performance during the two years immediately preceding the proposal of the regulation.

(d) Any new or additional permits required by any state agency after the effective date of this chapter shall be subject to the provisions of this chapter.

(e) An agency may amend its regulations to modify the agency's time periods.

(f) The rulemaking file submitted to the Office of Administrative Law shall contain a justification for time periods proposed.

(g) A state agency shall be deemed to have good cause for exceeding the maximum time period established for processing a permit under either of the following circumstances:

(1) The number of permits to be processed exceeds by 15 percent the number processed in the same calendar quarter the preceding year.

(2) The permit-issuing agency must rely on another public or private entity for all or part of the processing and the delay is caused by that other entity.

SEC. 69. Section 15378 of the Government Code is amended to read:

15378. (a) The Secretaries of the Business, Transportation and Housing, Health and Welfare, California Environmental Protection, Resources, and State and Consumer Services Agencies, and the heads of the independent agencies subject to the provisions of this chapter shall ensure that the departments, commissions, boards, and other administrative divisions within their agencies that issue permits comply with the provisions of this chapter.

(b) The secretaries and agency heads shall adopt regulations establishing an appeal process through which an applicant can appeal directly to the secretary or agency head for a timely resolution of any dispute arising from a violation of the time periods required by this chapter. The regulations shall provide for the full reimbursement of any and all filing fees paid by a permit applicant whose application was not processed within the time limits adopted by an agency pursuant to this chapter, and whose appeal to the secretary or agency head was decided in the applicant's favor. The appeal shall be decided in the applicant's favor if the state agency has exceeded its established maximum time period for issuance or denial of the permit, the agency has complied with any notice and hearing requirements, and the agency has failed to

establish good cause for exceeding the time period pursuant to subdivision (g) of Section 15376. Information regarding the appeal process shall be included in the permit application forms issued by the agency.

SEC. 70. Section 44031.5 of the Health and Safety Code is amended to read:

44031.5. (a) No smog check technician may perform tests or make repairs required by this chapter, for compensation, unless qualified by the department for the class and category of vehicle being tested or repaired. To qualify, smog check technicians shall pass a qualification test administered by the department, in addition to meeting prerequisite minimum experience and training criteria established by the department, pursuant to Section 44045.5. Passage of the qualification test shall, and training may, also be required upon each biennial renewal of the smog check technician's license.

(b) The department shall prescribe training and periodic retraining courses for licensed smog check technicians pursuant to Section 44045.6.

(c) Whenever the department determines, through investigation, that a previously qualified smog check technician may lack the skills to reliably and accurately perform the test or repair functions within the required qualification, the department may prescribe for the technician one or more retraining courses which have been certified by the department. The smog check technician may request and be granted a hearing, pursuant to Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, on the department's determination. The request for a hearing shall be submitted within 30 days of the department's notification of its determination. A failure to complete the prescribed retraining course within the time designated by the department, or to request a hearing within 30 days of the department's notification of its determination, shall result in loss of qualification. Upon a later completion of the prescribed department certified retraining course, the department may reinstate the smog check technician's qualification.

(d) Smog check technicians shall have the option to do hands-on work in lieu of written work in order to successfully complete the department certified training and retraining courses or may complete comparable military training as documented by submission of Verification of Military Experience and Training (V-MET) records in lieu of meeting any other training-related requirements of this section.

(e) The institution administering the department certified training or retraining courses shall issue a certificate of completion to each person who successfully completes the certified courses. The certificate shall be valid for two years.

(f) The department may, by regulation, establish procedures relating to the issuance and use of photo identification cards for licensed technicians.

SEC. 71. Section 57053.9 of the Health and Safety Code is amended to read:

57053.9. (a) On or before December 31, 1997, the office shall adopt regulations establishing an expedited appeals process by which a petitioner or responsible party may appeal any failure by a public agency to take timely action on the issuance or denial of a repair or maintenance project permit or consolidated permit in accordance with the time limits set pursuant to paragraph (4) of subdivision (a) of Section 57053.1.

(b) If the office finds that the time limits under appeal have been violated without good cause, the office shall establish a date certain by which the public agency shall act on the repair or maintenance project permit or consolidated permit application with adequate provision for the requirements described in subparagraphs (A) to (C), inclusive, of paragraph (4) of subdivision (a) of Section 57053.1, and shall provide for the full reimbursement of any filing or permit processing fees paid by the responsible party to the public agency for the permit application under appeal. For purposes of this section, "good cause" shall have the same meaning as defined in subdivision (g) of Section 15376 of the Government Code.

(c) The determination of the office on an appeal shall be based only on procedural violations, including, but not limited to, the exceeding of time limits, not on any nonprocedural matter with regard to the repair or maintenance project permit, or permit application, or the consolidated permit, or consolidated permit application.

(d) In cases of a violation of time limits set pursuant to paragraph (4) of subdivision (a) of Section 57053.1, the determination of the office to order a reimbursement of any application fee pursuant to the regulations adopted pursuant to subdivision (a) shall only be applicable to the consolidated permit agency or to the participating permit agencies that are in violation of the time limits without showing good cause.

(e) An appeal taken pursuant to this section shall be only for violations of the time limits set pursuant to paragraph (4) of subdivision (a) of Section 57053.1.

SEC. 72. Section 71030 of the Public Resources Code is amended to read:

71030. (a) On or before December 31, 1994, the secretary shall adopt regulations establishing an expedited appeals process by which a petitioner or applicant may appeal any failure by an environmental agency to take timely action on the issuance or denial of an environmental permit in accordance with the time limits established

pursuant to Section 71022 or Section 25199.6 of the Health and Safety Code.

(b) If the secretary finds that the time limits under appeal have been violated without good cause, the secretary shall establish a date certain by which the environmental agency shall act on the permit application with adequate provision for the requirements of subparagraphs (A) to (C), inclusive, of paragraph (4) of subdivision (a) of Section 71022, and provide for the full reimbursement of any filing or permit processing fees paid by the applicant to the environmental agency for the permit application under appeal. For purposes of this section, "good cause" shall have the same meaning as defined in subdivision (g) of Section 15376 of the Government Code.

(c) The determination of the secretary on an appeal shall be based only on procedural violations, including, but not limited to, the exceeding of time limits, not on any nonprocedural matter with regard to the environmental permit application or the environmental permit.

(d) In cases of a violation of time limits set pursuant to Section 71022, the determination of the secretary to order a reimbursement of any application filing fee pursuant to the regulations adopted pursuant to subdivision (a) shall only be applicable to the consolidated permit agency or to the participating permit agencies that are in violation of the time limits without showing good cause.

(e) Notwithstanding any other provision of this section, an appeal pursuant to subdivision (a) shall be only for violations of the time limits established pursuant to Section 71022 for those environmental agencies described in subdivisions (c) and (h) of Section 71011.

SEC. 73. 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.

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## CHAPTER 406

An act to amend Sections 69980, 69982, 69983, 69985, 69986, 69990, 70010.1, 70010.5, 70010.7, 70011, and 70011.7 of the Education Code, relating to student financial aid, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 6, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 69980 of the Education Code is amended to read:

69980. As used in this article, the following terms have the following meanings, unless the context requires otherwise:

(a) "Act" or "Scholarshare trust" or "Scholarshare" means the Golden State Scholarshare Trust Act.

(b) "Administrative fund" means the funds used to administer the Golden State Scholarshare Trust Act.

(c) "Beneficiary" has the same meaning as "designated beneficiary," as provided in paragraph (1) of subsection (e) of Section 529 of the Internal Revenue Code of 1986, as it is amended from time to time, if, as determined by the board, the amendment is consistent with the purposes of this article.

(d) "Benefits" means the payment of higher education expenses on behalf of a beneficiary by the Scholarshare trust during the beneficiary's attendance at an institution of higher education.

(e) "Board" means the Scholarshare Investment Board established pursuant to subparagraph (B) of paragraph (2) of subdivision (a) of Section 69984.

(f) "Golden State Scholarshare Trust" or "Scholarshare trust" means the trust created pursuant to this act.

(g) "Institution of higher education" has the same meaning as "eligible educational institution," as provided in paragraph (5) of subsection (e) of Section 529 of the Internal Revenue Code of 1986, as it is amended from time to time, if, as determined by the board, the amendment is consistent with the purposes of this article.

(h) "Participant" means an individual, trust, estate, partnership, association, company or corporation, a custodian under the California Uniform Transfers to Minors Act (Part 9 (commencing with Section 3900) of Division 4 of the Probate Code), a state or local government agency, or a legal representative of a participant who has entered into a participation agreement pursuant to this act. "Participant" also means an account owner.

(i) "Participation agreement" means an agreement between a participant and the Scholarshare trust, pursuant to this act.

(j) "Program administrator" means the administrator of the Scholarshare trust appointed by the board to administer and manage the trust.



(k) "Program fund" means the program fund established by this act, which shall be held as a separate fund within the Scholarshare trust.

(l) "Qualified higher education expenses" means the expenses of attendance at an institution of higher education as provided in paragraph (3) of subsection (e) of Section 529 of the Internal Revenue Code of 1986, as it is amended from time to time, if, as determined by the board, the amendment is consistent with the purposes of this article, and as determined and certified by the institution of higher education in the same manner as prescribed in Title IV of the Higher Education Act of 1965 (20 U.S.C. Sec. 10871l, as amended).

(m) "Tuition and fees" means the quarterly or semester charges imposed to attend an institution of higher education and required as a condition of enrollment.

SEC. 2. Section 69982 of the Education Code is amended to read:

69982. In addition to effectuating and carrying out all of the powers granted by this act, the board shall have all powers reasonably necessary to carry out and effectuate the purposes, objectives, and provisions of this act pertaining to the Scholarshare trust, including, but not necessarily limited to, the power to do all of the following:

(a) Carry out studies and projections in order to advise participants regarding present and estimated future higher education expenses and the levels of financial participation in the trust required in order to enable participants to achieve their education funding objectives.

(b) Contract for goods and services and engage personnel, including consultants, actuaries, managers, counsel, and auditors, as necessary for the purpose of rendering professional, managerial, and technical assistance and advice.

(c) Participate in any other way in any federal, state, or local governmental program for the benefit of the Scholarshare trust.

(d) Promulgate, impose, and collect administrative fees and charges in connection with transactions of the Scholarshare trust, and provide for reasonable service charges, including penalties for cancellations.

(e) Procure insurance against any loss in connection with the property, assets, or activities of the Scholarshare trust.

(f) Administer the funds of the Scholarshare trust.

(g) Procure insurance indemnifying any member of the board from personal loss or liability resulting from a member's action or inaction as a member of the board.

(h) Adopt reasonable regulations for the administration of the Scholarshare trust.

(i) Set minimum and maximum investment levels.

(j) (1) Except as otherwise provided in this section, the overall maximum investment level for a designated beneficiary shall not exceed the amount equivalent to the maximum estimated qualified higher



education expenses, as defined by subdivision (l) of Section 69980 and established by the trust, that can be incurred by a beneficiary. The maximum investment level shall be published by the trust as a monetary amount, in order to state contribution limits clearly and to encourage participation on behalf of beneficiaries who will attend all types of higher education institutions, both public and independent.

(2) Participants shall be permitted to make up payments, in full or in part, for years in which they were eligible to contribute, but did not, including years prior to the enactment of this section, for the benefit of a designated beneficiary. Contributions by entities exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code and state and local government agencies operating bona fide scholarship programs for the benefit of beneficiaries to be named when the scholarships are awarded are not subject to maximum contribution limits.

SEC. 3. Section 69983 of the Education Code is amended to read: 69983. The Scholarshare trust may enter into participation agreements with participants on behalf of beneficiaries pursuant to the following terms and agreements:

(a) The board may specify a required minimum length of time before distributions for higher education expenses may be made, and may impose a penalty on the early distribution of funds if deemed by the trust to be necessary.

(b) Participation agreements may be amended to provide for adjusted levels of payments based upon changed circumstances or changes in educational plans.

(c) Beneficiaries designated in participation agreements may be designated from date of birth.

(d) Participants shall be informed that the execution of a participation agreement by the trust shall not guarantee in any way that higher education expenses will be equal to projections and estimates provided by the trust or that the beneficiary named in any participation agreement will do any of the following:

(1) Be admitted to an institution of higher education.

(2) If admitted, be determined a resident for tuition purposes by the institution of higher education.

(3) Be allowed to continue attendance at the institution of higher education following admission.

(4) Graduate from the institution of higher education.

(5) Have sufficient savings to cover fully all qualified education expenses of attending an institution of higher education.

(e) Beneficiaries may be changed as permitted by the regulations of the board upon request of the participant, provided that the substitute beneficiary is eligible.

(f) Participation agreements shall be freely amended throughout their terms in order to enable participants to increase or decrease the level of participation, change the designation of beneficiaries, and carry out similar matters.

(g) Each participation agreement shall provide that the participation agreement may be canceled upon the terms and conditions set forth and contained in the regulations adopted by the board.

(h) All contributions to Scholarshare accounts shall be in cash.

SEC. 4. Section 69985 of the Education Code is amended to read:

69985. (a) Any participant may cancel a participation agreement at will. A participant shall be entitled to a refund upon cancellation thereof of an amount equal to the then current market value of the amount of all contributions made to his or her account.

(b) Upon the occurrence of any of the following circumstances, no penalty shall be levied by the Scholarshare trust in the event of cancellation of a participation agreement:

(1) Death or disability of the beneficiary.

(2) The beneficiary's receipt of a scholarship or allowance or payment described in Section 25A(g)(2) of the Internal Revenue Code received by the designated beneficiary, to the extent that the amount refunded does not exceed the amount of the scholarship, allowance, or payment.

(c) In the event of cancellation of a participation agreement for any of the causes listed in subdivision (b), the participant shall be entitled to a refund equal to the then current market value of the amount of all contributions made by the participant under the participation agreement.

(d) Any cancellation of a participation agreement shall be deemed to be made as of the close of business for the calendar month during which notice of the cancellation is received by the board, and the current market value of contributions as of that date shall be determined by utilizing the monthly report for that month pursuant to subparagraph (B) of paragraph (2) of subdivision (a) of Section 69984.

SEC. 5. Section 69986 of the Education Code is amended to read: 69986. For all purposes of California law, the following apply:

(a) The participant shall retain ownership of all contributions made under any participation agreement up to the date of utilization for payment of higher education costs for the beneficiary, and all interest derived from the investment of the payments made by the participant shall be deemed to be held in trust for the benefit of the beneficiary. Neither the contributions, nor any interest derived therefrom, may be pledged as collateral for any loan.

(b) In the event the participation agreement is canceled prior to payment of higher education expenses for the beneficiary, the participant shall retain ownership of all contributions made under the participation agreement and reversionary right to receive interest on all the

contributions at the rate of interest at which the contributions were invested.

(c) Notwithstanding subdivision (b), if there has been a decrease in the value of the funds in a participant's account at the time of cancellation of the participation agreement, the participant shall not have ownership rights to any amount above the market value of the funds in the account at the time of cancellation.

(d) Program administrators shall develop adequate measures to prevent contributions on behalf of a designated beneficiary in excess of those necessary to provide for the qualified higher education expenses of the beneficiary or in excess of the maximum contribution limits provided for in this article.

(e) If the beneficiary graduates from an institution of higher education and has no intention of further attendance at an institution of higher education, and a balance remains in the participant's account, then the program administrator shall pay the balance to the participant.

(f) Program administrators shall develop a method to make payment of qualified higher education expenses directly to higher education institutions for the benefit of designated beneficiaries and to control for fraud under any direct reimbursement method of payment that it may adopt. The institution of higher education shall obtain ownership of the payments made for the higher education expenses paid to the institution at the time each payment is made to the institution.

(g) Program administrators may also develop a method to make payment of qualified higher education expenses directly to beneficiaries in a manner that is consistent with applicable federal requirements and restrictions.

(h) Any amounts paid pursuant to the Golden State Scholarshare Trust that are not listed in this section shall be owned by the trust.

(i) A participant may transfer ownership rights to another eligible participant, including, but not necessarily limited to, a gift of the ownership rights to an eligible minor beneficiary pursuant to this act. The transfer shall be effected and the property distributed in accordance with administrative regulations adopted by the board or the terms of the participation agreement.

(j) Custodians under the California Uniform Transfers to Minors Act (Part 9 (commencing with Section 3900) of Division 4 of the Probate Code) may enter into participation agreements in accordance with regulations adopted by the board.

SEC. 6. Section 69990 of the Education Code is amended to read:

69990. (a) The trust shall provide an annual listing to the Franchise Tax Board on magnetic tape or other machine-readable form, and in a manner agreed upon by the Franchise Tax Board and the Scholarshare trust, of all distributions, including payment of benefits and refunds, to

any individual with respect to an interest in a participation agreement. The listing shall include the names, addresses, tax identification numbers, and type and amounts of each distribution, including interest earned and penalties imposed. The taxpayer's identification numbers obtained through the participation agreement process shall be used exclusively for state and federal tax administration purposes.

(b) The trust shall make a report to each participant or beneficiary of the type and amount of each distribution, including payment of benefits and refunds.

(c) The trust also shall report annually by March 1 to each participant or beneficiary all of the following:

(1) The value of the beneficiary's account.

(2) The interest earned thereon.

(3) The rate of return of the investments in the beneficiary's account for that reporting period.

(4) The investment goal the participant will achieve if all future contributions with respect to that beneficiary are timely made.

(5) Information regarding the trends in qualified higher education expenses at the state's public segments of higher education, which shall include, but need not be limited to, the following:

(A) The actual increase or decrease in qualified higher education expenses in the prior year.

(B) To the extent possible, any proposals by the segments to increase or decrease fees or tuition in the next fiscal year.

(C) To the extent possible, any proposals by the Legislature or the Governor to increase or decrease fees or tuition in the next fiscal year.

(D) An Internet Web site and toll-free telephone number where the names of the State Senator and Assembly Member who represent the district in which the participant or beneficiary resides, and a business address and telephone number where they may be reached, may be accessed.

(d) The trust, as an advocate for affordable higher education opportunities for participants and beneficiaries of the program, shall also provide a means for participants or beneficiaries to express concerns or comments regarding the Scholarshare trust program and any information required to be reported by this section.

SEC. 7. Section 70010.1 of the Education Code, as added by Chapter 38 of the Statutes of 2002, is amended to read:

70010.1. As used in this article:

(a) "Board" means the Scholarshare Investment Board established pursuant to Section 69984.

(b) "California resident" means a person who would not be required to pay nonresident tuition under Chapter 1 (commencing with Section 68000) of Part 41.

(c) “Dependent” means a person identified by the California Victim Compensation and Government Claims Board because of his or her relationship to a California resident killed as a result of injuries sustained during the terrorist attacks of September 11, 2001.

(d) “Fund” means the California Memorial Scholarship Fund established pursuant to Section 5066 of the Vehicle Code.

(e) “Institution of higher education” has the same meaning as “eligible educational institution,” as defined in paragraph (5) of subsection (e) of Section 529 of the Internal Revenue Code of 1986, as amended by Section 211 of the Taxpayer Relief Act of 1997 (Public Law 105-34).

(f) “Participant” means a surviving dependent of a California resident killed as a result of injuries sustained during the terrorist attacks of September 11, 2001, who has executed, or on whose behalf has been executed, an agreement pursuant to Section 70011.

(g) “Program” means the California Memorial Scholarship Program established pursuant to Section 70010.

(h) “Scholarship” means a participant’s account as established by the board with moneys deposited in the fund.

SEC. 8. Section 70010.5 of the Education Code, as added by Chapter 38 of the Statutes of 2002, is amended to read:

70010.5. (a) The California Victim Compensation and Government Claims Board shall identify all persons who are eligible for scholarships under the program. The California Victim Compensation and Government Claims Board shall notify these persons or, in the case of minors, the parents or guardians of these persons, of their eligibility for scholarships under the program. This notification shall be in writing, and shall be received by all of the appropriate persons no later than July 1, 2003.

(b) Eligible persons, or in the case of minors, the parents or guardians of these persons, shall inform the board of their decision on whether to participate in the program in a timely manner. Eligible persons, or in the case of minors, the parents or guardians of these persons, who are to become participants in the program shall execute agreements pursuant to Section 70011 no later than July 1, 2005.

SEC. 9. Section 70010.7 of the Education Code, as added by Chapter 38 of the Statutes of 2002, is amended to read:

70010.7. (a) (1) The Department of Motor Vehicles shall deposit the proceeds of the sale of California memorial license plates into the fund in accordance with paragraph (2) of subdivision (c) of Section 5066 of the Vehicle Code. When an agreement is executed pursuant to Section 70011, the board shall establish an account within the fund for the benefit of a person eligible for the program.

(2) Distributions from the fund shall commence on July 1, 2005. After July 1, 2005, the total amount of moneys in the fund shall, at all times, be evenly divided among the accounts that are in existence at that time until the board has transferred five thousand dollars (\$5,000) from the fund into each account. When five thousand dollars (\$5,000) has been transferred by the board into each account, all revenues remaining in the fund shall be deposited into the Antiterrorism Fund created by paragraph (1) of subdivision (c) of Section 5066 of the Vehicle Code and distributed as provided in that paragraph.

(b) Moneys in the fund, including moneys in the accounts, may be invested and reinvested by the board, or may be invested in whole or in part under contract with private money managers, as determined by the board. The interest earned shall accrue to the accounts.

(c) The board shall establish within the fund an administrative account, the amount deposited in which may not exceed 5 percent of the total amount of moneys in the fund. Funds in the administrative account may be used, upon appropriation in the annual Budget Act or in another statute, for the administrative costs of the board in administering the program.

(d) No moneys from the fund may be encumbered, and no distribution may be made from any account in the fund, unless and until an appropriation authorizing that encumbrance or distribution is made in the annual Budget Act or in another statute.

SEC. 10. Section 70011 of the Education Code, as added by Chapter 38 of the Statutes of 2002, is amended to read:

70011. (a) The board may enter into agreements with participants or with persons entitled to act on behalf of participants.

(b) An agreement shall specify that any moneys remaining in an account after the 30th birthday of the participant, or not later than July 1, 2015, whichever occurs last, shall revert to the Antiterrorism Fund established under paragraph (1) of subdivision (c) of Section 5066 of the Vehicle Code. The agreements may also include, but need not be limited to, the terms and subject matter set forth in Section 69983.

SEC. 11. Section 70011.7 of the Education Code, as added by Chapter 38 of the Statutes of 2002, is amended to read:

70011.7. Within the annual report required pursuant to Section 69989, the board shall also include information on the operation of the program. This information shall include, but need not be limited to, data on the number of agreements executed during the year, the date on which each agreement is executed, the age of each participant, the amount and number of distributions made from accounts within the fund, and the rate of return on the funds invested under this article.

SEC. 12. 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 vital adjustments in the operation of the Golden State Scholarshare Trust and the California Memorial Scholarship Program in time for the commencement of the 2002–03 academic year, it is necessary that this act take effect immediately.

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CHAPTER 407

An act to add Sections 11700.3, 11711.3, and 11740 to the Vehicle Code, relating to vehicles.

[Approved by Governor September 6, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 11700.3 is added to the Vehicle Code, to read:  
11700.3. No person may aid and abet a person in the performance of any act in violation of this chapter.

SEC. 2. Section 11711.3 is added to the Vehicle Code, to read:  
11711.3. A person acting as a dealer, who was not licensed as a dealer as required by this article, or a person acting as a lessor-retailer, who was not licensed as a lessor-retailer as required by Chapter 3.5 (commencing with Section 11600), may not enforce any security interest or bring or maintain any action in law or equity to recover any money or property or obtain other relief from the purchaser or lessee of a vehicle in connection with a transaction in which the person was, at the time at the transaction, required to be licensed as a dealer or a lessor-retailer.

SEC. 3. Section 11740 is added to the Vehicle Code, to read:  
11740. The remedies and penalties provided in this code for a violation of this article are cumulative to the remedies and penalties provided by other laws.

SEC. 4. 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.

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## CHAPTER 408

An act to amend Sections 10406, 12210, and 12225 of the Public Contract Code, relating to contractual preferences for recycled products.

[Approved by Governor September 6, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 10406 of the Public Contract Code is amended to read:

10406. Every procuring agency shall continuously review and revise its procedures and specifications for the purchase of lubricating oil and industrial oil to eliminate any exclusion of recycled oils and any requirement that oils be manufactured from virgin materials. This section does not prohibit a local agency from purchasing virgin oil products for exclusive use in vehicles whose warranties expressly prohibit the use of products containing recycled oil.

SEC. 2. Section 12210 of the Public Contract Code is amended to read:

12210. Fitness and quality being equal, all local and state public agencies shall purchase recycled products instead of nonrecycled products whenever available at no more than the total cost of nonrecycled products. All local public agencies may give preference to the suppliers of recycled products. All local public agencies may determine the amount of this preference.

SEC. 3. Section 12225 of the Public Contract Code is amended to read:

12225. On or before August 31, 1991, and every year thereafter, the department, in consultation with the board, shall prepare a report to the Legislature describing the purchase and procurement of products purchased by the state before and after January 1, 1990. The report shall estimate the amount of recycled products utilized by state contractors before and after the enactment of this chapter. The report shall include, but not be limited to, the following:

(a) Listed by department, the total dollar amounts, volume, and number of contracts of individual products purchased by the department and any other agency having delegated procurement authority pursuant to Section 10333.

(b) Total dollar amounts, volume, and number of contracts of each product purchased by the state, which includes the Legislature, the California State University, and the University of California systems.



(c) A list of individual recycled products purchased pursuant to Sections 10507.5 and 10860, inclusive, this chapter and Chapter 5 (commencing with Section 12300).

(d) The total dollar amounts, volume, and number of contracts of individual products, whether recycled or nonrecycled, purchased by the state.

(e) The total dollar amounts, volume, and number of contracts of recycled products including recycled paper and compost products purchased pursuant to Sections 10507.5 and 10860, inclusive, this chapter, and Chapter 5 (commencing with Section 12300).

(f) The total dollar amount and volume of compost and cocompost products utilized by the state pursuant to Section 12183 or any other state or local program.

(g) For recycled paper products purchased by procuring agencies, the total number of contracts, dollar amounts, and volume of those contracts that were eligible for the preference pursuant to Section 12162.

(h) For each recycled product, including recycled paper and compost products, the total dollar amounts, volume, and number of contracts that were eligible for a preference or a combination thereof pursuant to Sections 4533, 7084, and 14838 of the Government Code.

(i) Total number of bids for each product listed in Section 12157, whether or not a contract was awarded the bid.

(j) The range of dollar amounts for bids on procurement contracts which include, but is not limited to, contracts for the procurement of individual recycled products listed in Section 12157.

(k) For each waste material, total revenue dollars and volume generated from the state waste materials collection program pursuant to Section 12165.

(l) Recommendations to the Legislature as to revisions of the percentage amounts contained in the secondary material and postconsumer material definitions for individual products that will result in greater procurement of recycled products composed of recycled resources that would otherwise be disposed of as solid waste in the state's disposal facilities.

(m) Recommendations on specific products available containing secondary and postconsumer material that are procured by the state, used in the performance of a service or project for the state, and used in state construction contracts.

These products shall be recommended as candidates for the application of the recycled paper product preference described in Section 12162.

(n) A list of products purchased in either large volumes or high dollar amounts by the state that are available as a recycled product, as identified by the board in consultation with the department. The board shall revise

this list as products purchased by the state become feasibly available in recycled form. Any revised list shall be included in the annual report required by this section.

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CHAPTER 409

An act to amend and repeal Section 115800 of the Health and Safety Code, relating to liability.

[Approved by Governor September 6, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 115800 of the Health and Safety Code, as added by Section 1 of Chapter 573 of the Statutes of 1997, is amended to read:

115800. (a) No operator of a skateboard park shall permit any person to ride a skateboard therein, unless that person is wearing a helmet, elbow pads, and knee pads.

(b) With respect to any facility, owned or operated by a local public agency, that is designed and maintained for the purpose of recreational skateboard use, and that is not supervised on a regular basis, the requirements of subdivision (a) may be satisfied by compliance with the following:

(1) Adoption by the local public agency of an ordinance requiring any person riding a skateboard at the facility to wear a helmet, elbow pads, and knee pads.

(2) The posting of signs at the facility affording reasonable notice that any person riding a skateboard in the facility must wear a helmet, elbow pads, and knee pads, and that any person failing to do so will be subject to citation under the ordinance required by paragraph (1).

(c) "Local public agency" for purposes of this section includes, but is not limited to, a city, county, or city and county.

(d) (1) Skateboarding at any facility or park owned or operated by a public entity as a public skateboard park, as provided in paragraph (3), shall be deemed a hazardous recreational activity within the meaning of Section 831.7 of the Government Code if all of the following conditions are met:

(A) The person skateboarding is 14 years of age or older.

(B) The skateboarding activity that caused the injury was stunt, trick, or luge skateboarding.

(C) The skateboard park is on public property that complies with subdivision (a) or (b).

(2) In addition to the provisions of subdivision (c) of Section 831.7 of the Government Code, nothing in this section is intended to limit the liability of a public entity with respect to any other duty imposed pursuant to existing law, including the duty to protect against dangerous conditions of public property pursuant to Chapter 2 (commencing with Section 830) of Part 2 of Division 3.6 of Title 1 of the Government Code. However, nothing in this section is intended to abrogate or limit any other legal rights, defenses, or immunities that may otherwise be available at law.

(3) For public skateboard parks that were constructed on or before January 1, 1998, this subdivision shall apply to hazardous recreational activity injuries incurred on or after January 1, 1998, and before January 1, 2001. For public skateboard parks that are constructed after January 1, 1998, this subdivision shall apply to hazardous recreational activity injuries incurred on or after January 1, 1998, and before January 1, 2008. For purposes of this subdivision, any skateboard facility that is a movable facility shall be deemed constructed on the first date it is initially made available for use at any location by the local public agency.

(4) The appropriate local public agency shall maintain a record of all known or reported injuries incurred by a skateboarder in a public skateboard park or facility. The local public agency shall also maintain a record of all claims, paid and not paid, including any lawsuits and their results, arising from those incidents that were filed against the public agency. Beginning in 1999, copies of these records shall be filed annually, no later than January 30 each year, with the Judicial Council, which shall submit a report to the Legislature on or before March 31, 2007, on the incidences of injuries incurred, claims asserted, and the results of any lawsuit filed, by persons injured while skateboarding in public skateboard parks or facilities.

(5) This subdivision shall not apply on or after January 1, 2001, to public skateboard parks that were constructed on or before January 1, 1998, but shall continue to apply to public skateboard parks that are constructed after January 1, 1998.

(e) This section shall remain in effect until January 1, 2008, and as of that date is repealed, unless a later enacted statute, enacted before January 1, 2008, deletes or extends that date.

SEC. 2. Section 115800 of the Health and Safety Code, as added by Section 2 of Chapter 573 of the Statutes of 1997, is amended to read:

115800. (a) No operator of a skateboard park shall permit any person to ride a skateboard therein, unless that person is wearing a helmet, elbow pads, and knee pads.

(b) With respect to any facility, owned or operated by a local public agency, that is designed and maintained for the purpose of recreational skateboard use, and that is not supervised on a regular basis, the requirements of subdivision (a) may be satisfied by compliance with the following:

(1) Adoption by the local public agency of an ordinance requiring any person riding a skateboard at the facility to wear a helmet, elbow pads, and knee pads.

(2) The posting of signs at the facility affording reasonable notice that any person riding a skateboard in the facility must wear a helmet, elbow pads, and knee pads, and that any person failing to do so will be subject to citation under the ordinance required by paragraph (1).

(c) "Local public agency" for purposes of this section includes, but is not limited to, a city, county, or city and county.

(d) This section shall become operative on January 1, 2008.

SEC. 3. Notwithstanding Section 17610 of the Government Code, 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. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

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## CHAPTER 410

An act to add Section 270.6 to the Penal Code, relating to spousal support.

[Approved by Governor September 6, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 270.6 is added to the Penal Code, to read:

270.6. If a court of competent jurisdiction has made a temporary or permanent order awarding spousal support that a person must pay, the person has notice of that order, and he or she then leaves the state with the intent to willfully omit, without lawful excuse, to furnish the spousal support, he or she is punishable by imprisonment in a county jail for a period not exceeding one year, a fine not exceeding two thousand dollars (\$2,000), or both that imprisonment and fine.

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.

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CHAPTER 411

An act to amend, repeal, and add Section 23109.2 of the Vehicle Code, relating to speeding, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 6, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. This act shall be known and may be cited as the U'Kendra K. Johnson Memorial Act.

SEC. 2. Section 23109.2 of the Vehicle Code is amended to read:

23109.2. (a) (1) Whenever a peace officer determines that a person was engaged in any of the activities set forth in paragraph (2), the peace officer may immediately arrest and take into custody that person and may cause the removal and seizure of the motor vehicle used in that contest in accordance with Chapter 10 (commencing with Section 22650). A motor vehicle so seized may be impounded for not more than 30 days.

(2) (A) A motor vehicle speed contest, as described in subdivision (a) of Section 23109.

(B) Reckless driving on a highway, as described in subdivision (a) of Section 23103.

(C) Reckless driving in any offstreet parking facility, as described in subdivision (b) of Section 23103.

(D) Exhibition of speed on a highway, as described in subdivision (c) of Section 23109.

(b) The registered and legal owner of a vehicle that is removed and seized under subdivision (a) or their agents shall be provided the opportunity for a storage hearing to determine the validity of the storage in accordance with Section 22852.

(c) (1) Notwithstanding Chapter 10 (commencing with Section 22650) or any other provision of law, an impounding agency shall release a motor vehicle to the registered owner or his or her agent prior to the conclusion of the impoundment period described in subdivision (a) under any of the following circumstances:

(A) If the vehicle is a stolen vehicle.

(B) If the person alleged to have been engaged in the motor vehicle speed contest, as described in subdivision (a), was not authorized by the registered owner of the motor vehicle to operate the motor vehicle at the time of the commission of the offense.

(C) If the registered owner of the vehicle was neither the driver nor a passenger of the vehicle at the time of the alleged violation pursuant to subdivision (a), or was unaware that the driver was using the vehicle to engage in any of the activities described in subdivision (a).

(D) If the legal owner or registered owner of the vehicle is a rental car agency.

(E) If, prior to the conclusion of the impoundment period, a citation or notice is dismissed under Section 40500, criminal charges are not filed by the district attorney because of a lack of evidence, or the charges are otherwise dismissed by the court.

(2) A vehicle shall be released pursuant to this subdivision only if the registered owner or his or her agent presents a currently valid driver's license to operate the vehicle and proof of current vehicle registration, or if ordered by a court.

(3) If, pursuant to subparagraph (D) of paragraph (1) a motor vehicle is released prior to the conclusion of the impoundment period, neither the person charged with a violation of subdivision (a) of Section 23109 nor the registered owner of the motor vehicle is responsible for towing and storage charges nor shall the motor vehicle be sold to satisfy those charges.

(d) A vehicle seized and removed under subdivision (a) shall be released to the legal owner of the vehicle, or the legal owner's agent, on or before the 30th day of impoundment if all of the following conditions are met:

(1) The legal owner is a motor vehicle dealer, bank, credit union, acceptance corporation, or other licensed financial institution legally operating in this state, or is another person, not the registered owner, holding a security interest in the vehicle.

(2) The legal owner or the legal owner's agent pays all towing and storage fees related to the impoundment of the vehicle. No lien sale processing fees shall be charged to a legal owner who redeems the vehicle on or before the 15th day of impoundment.

(3) The legal owner or the legal owner's agent presents foreclosure documents or an affidavit of repossession for the vehicle.

(e) (1) The registered owner or his or her agent is responsible for all towing and storage charges related to the impoundment, and any administrative charges authorized under Section 22850.5.

(2) Notwithstanding paragraph (1), if the person convicted of engaging in the activities set forth in paragraph (2) of subdivision (a) was not authorized by the registered owner of the motor vehicle to operate the motor vehicle at the time of the commission of the offense, the court shall order the convicted person to reimburse the registered owner for any towing and storage charges related to the impoundment, and any administrative charges authorized under Section 22850.5 incurred by the registered owner to obtain possession of the vehicle, unless the court finds that the person convicted does not have the ability to pay all or part of those charges.

(3) If the vehicle is a rental vehicle, the rental car agency may require the person to whom the vehicle was rented to pay all towing and storage charges related to the impoundment and any administrative charges authorized under Section 22850.5 that were incurred by the rental car agency in connection with obtaining possession of the vehicle.

(4) The owner shall not be liable for any towing and storage charges related to the impoundment if acquittal or dismissal occurs.

(5) The vehicle shall not be sold prior to the defendant's conviction.

(6) The impounding agency is responsible for the actual costs incurred by the towing agency as a result of the impoundment should the registered owner be absolved of liability for those charges pursuant to paragraph (3) of subdivision (c) of Section 23109.2. Notwithstanding this provision, nothing shall prohibit impounding agencies from making prior payment arrangements to satisfy this requirement.

(f) Any period in which a vehicle is subjected to storage under this section shall be included as part of the period of impoundment ordered by the court under subdivision (h) of Section 23109.

(g) This section shall remain in effect only until January 1, 2007, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2007, deletes or extends that date.

SEC. 3. Section 23109.2 is added to the Vehicle Code, to read:

23109.2. (a) Whenever a peace officer determines that a person was engaged in a motor vehicle speed contest, as described in subdivision (a) of Section 23109, the peace officer may immediately arrest and take into custody that person and may cause the removal and seizure of the motor vehicle used in that contest in accordance with Chapter 10 (commencing with Section 22650). A motor vehicle so seized may be impounded for not more than 30 days.

(b) The registered and legal owner of a vehicle that is removed and seized under subdivision (a) or their agents shall be provided the



opportunity for a storage hearing to determine the validity of the storage in accordance with Section 22852.

(c) (1) Notwithstanding Chapter 10 (commencing with Section 22650) or any other provision of law, an impounding agency shall release a motor vehicle to the registered owner or his or her agent prior to the conclusion of the impoundment period described in subdivision (a) under any of the following circumstances:

(A) If the vehicle is a stolen vehicle.

(B) If the person alleged to have been engaged in the motor vehicle speed contest, as described in subdivision (a), was not authorized by the registered owner of the motor vehicle to operate the motor vehicle at the time of the commission of the offense.

(C) If the legal owner or registered owner of the vehicle is a rental car agency.

(D) If, prior to the conclusion of the impoundment period, a citation or notice is dismissed under Section 40500, criminal charges are not filed by the district attorney because of a lack of evidence, or the charges are otherwise dismissed by the court.

(2) A vehicle shall be released pursuant to this subdivision only if the registered owner or his or her agent presents a currently valid driver's license to operate the vehicle and proof of current vehicle registration, or if ordered by a court.

(3) If, pursuant to subparagraph (D) of paragraph (1) a motor vehicle is released prior to the conclusion of the impoundment period, neither the person charged with a violation of subdivision (a) of Section 23109 nor the registered owner of the motor vehicle is responsible for towing and storage charges nor shall the motor vehicle be sold to satisfy those charges.

(d) A vehicle seized and removed under subdivision (a) shall be released to the legal owner of the vehicle, or the legal owner's agent, on or before the 30th day of impoundment if all of the following conditions are met:

(1) The legal owner is a motor vehicle dealer, bank, credit union, acceptance corporation, or other licensed financial institution legally operating in this state, or is another person, not the registered owner, holding a security interest in the vehicle.

(2) The legal owner or the legal owner's agent pays all towing and storage fees related to the impoundment of the vehicle. No lien sale processing fees shall be charged to a legal owner who redeems the vehicle on or before the 15th day of impoundment.

(3) The legal owner or the legal owner's agent presents foreclosure documents or an affidavit of repossession for the vehicle.



(e) (1) The registered owner or his or her agent is responsible for all towing and storage charges related to the impoundment, and any administrative charges authorized under Section 22850.5.

(2) Notwithstanding paragraph (1), if the person convicted of engaging in a motor vehicle speed contest was not authorized by the registered owner of the motor vehicle to operate the motor vehicle at the time of the commission of the offense, the court shall order the convicted person to reimburse the registered owner for any towing and storage charges related to the impoundment, and any administrative charges authorized under Section 22850.5 incurred by the registered owner to obtain possession of the vehicle, unless the court finds that the person convicted does not have the ability to pay all or part of those charges.

(3) If the vehicle is a rental vehicle, the rental car agency may require the person to whom the vehicle was rented to pay all towing and storage charges related to the impoundment and any administrative charges authorized under Section 22850.5 that were incurred by the rental car agency in connection with obtaining possession of the vehicle.

(4) The owner shall not be liable for any towing and storage charges related to the impoundment if acquittal or dismissal occurs.

(5) The vehicle shall not be sold prior to the defendant's conviction.

(6) The impounding agency is responsible for the actual costs incurred by the towing agency as a result of the impoundment should the registered owner be absolved of liability for those charges pursuant to paragraph (3) of subdivision (c) of Section 23109.2. Notwithstanding this provision, nothing shall prohibit impounding agencies from making prior payment arrangements to satisfy this requirement.

(f) Any period in which a vehicle is subjected to storage under this section shall be included as part of the period of impoundment ordered by the court under subdivision (h) of Section 23109.

(g) This section shall become operative on January 1, 2007.

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:

Within the last two years, three deaths have occurred in one county alone as a result of persons engaged in reckless driving. Therefore, to ensure public safety, it is necessary for this act to take effect immediately.

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## CHAPTER 412

An act to amend Section 21351 of the Probate Code, relating to wills and trusts.

[Approved by Governor September 6, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 21351 of the Probate Code is amended to read:  
21351. Section 21350 does not apply if any of the following  
conditions are met:

(a) The transferor is related by blood or marriage to, is a cohabitant with, or is the registered domestic partner, pursuant to Division 2.5 (commencing with Section 297) of the Family Code, of the transferee or the person who drafted the instrument. For purposes of this section, "cohabitant" has the meaning set forth in Section 13700 of the Penal Code. This subdivision shall retroactively apply to an instrument that becomes irrevocable on or after July 1, 1993.

(b) The instrument is reviewed by an independent attorney who (1) counsels the client (transferor) about the nature and consequences of the intended transfer, (2) attempts to determine if the intended consequence is the result of fraud, menace, duress, or undue influence, and (3) signs and delivers to the transferor an original certificate in substantially the following form, with a copy delivered to the drafter:

"CERTIFICATE OF INDEPENDENT REVIEW

I, \_\_\_\_\_, have reviewed  
(attorney's name)  
\_\_\_\_\_ and counseled my client,  
(name of instrument)  
\_\_\_\_\_, on the nature and consequences of the transfer, or  
(name of client)  
transfers, of property to \_\_\_\_\_  
(name of potentially disqualified person)

contained in the instrument. I am so disassociated from the interest of the transferee as to be in a position to advise my client independently, impartially, and confidentially as to the consequences of the transfer. On the basis of this counsel, I conclude that the transfer, or transfers, in the instrument that otherwise might be invalid under Section 21350 of the Probate Code are valid because the transfer, or transfers, are not the product of fraud, menace, duress, or undue influence.

\_\_\_\_\_  
(Name of Attorney) \_\_\_\_\_  
(Date)

Any attorney whose written engagement signed by the client is expressly limited solely to the preparation of a certificate under this subdivision,

including the prior counseling, shall not be considered to otherwise represent the client.

(c) After full disclosure of the relationships of the persons involved, the instrument is approved pursuant to an order under Article 10 (commencing with Section 2580) of Chapter 6 of Part 4 of Division 4.

(d) The court determines, upon clear and convincing evidence, but not based solely upon the testimony of any person described in subdivision (a) of Section 21350, that the transfer was not the product of fraud, menace, duress, or undue influence. If the court finds that the transfer was the product of fraud, menace, duress, or undue influence, the disqualified person shall bear all costs of the proceeding, including reasonable attorney's fees.

(e) Subdivision (d) shall apply only to the following instruments:

(1) Any instrument other than one making a transfer to a person described in paragraph (1) of subdivision (a) of Section 21350.

(2) Any instrument executed on or before July 1, 1993, by a person who was a resident of this state at the time the instrument was executed.

(3) Any instrument executed by a resident of California who was not a resident at the time the instrument was executed.

(f) The transferee is a federal, state, or local public entity, an entity that qualifies for an exemption from taxation under Section 501(c)(3) or 501(c)(19) of the Internal Revenue Code, or a trust holding an interest for this entity, but only to the extent of the interest of the entity, or the trustee of this trust. This subdivision shall retroactively apply to an instrument that becomes irrevocable on or after July 1, 1993.

(g) For purposes of this section, "related by blood or marriage" shall include persons within the fifth degree or heirs of the transferor.

(h) The transfer does not exceed the sum of three thousand dollars (\$3,000). This subdivision shall not apply if the total value of the property in the estate of the transferor does not exceed the amount prescribed in Section 13100.

(i) The transfer is made by an instrument executed by a nonresident of California who was not a resident at the time the instrument was executed, and that was not signed within California.

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## CHAPTER 413

An act to amend Section 24041 of the Business and Professions Code, relating to alcoholic beverages.

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

SECTION 1. Section 24041 of the Business and Professions Code is amended to read:

24041. Separate licenses shall be issued for each of the premises of any business establishment having more than one location, except as provided for in Sections 23355.1, 23388, 23389, and 23390, except that any manufacturer, importer, or wholesaler may receive, store, and deliver wine as specified in its license, at and from a public warehouse licensed by the department, without holding an additional license at the warehouse. A license at a public warehouse shall be required by an out-of-state business whose alcoholic beverages come to rest, are stored, and shipped from a public warehouse in California. The holder of a public warehouse license maintaining or operating more than one public warehouse in this state shall be required to obtain but one license for all of his or her public warehouse establishments. A copy of the original public warehouse license issued to a public warehouseman maintaining or operating more than one public warehouse in this state shall be posted in each of his or her public warehouse establishments. A charge of one dollar (\$1) shall be made by the department for each copy of a public warehouse license issued to a public warehouseman.

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## CHAPTER 414

An act to add Article 7 (commencing with Section 63049) to Chapter 2 of Division 1 of Title 6.7 of the Government Code, and to amend Section 104897 of the Health and Safety Code, relating to tobacco settlement moneys.

[Approved by Governor September 6, 2002. Filed with  
Secretary of State September 9, 2002.]

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

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

(a) The California economy is suffering the effects of the tragic events of September 11, 2001.

(b) Given the General Fund revenue shortfall, it is necessary to authorize the sale of tobacco assets in order to provide the state with up to \$4.5 billion in net proceeds.

SEC. 2. Article 7 (commencing with Section 63049) is added to Chapter 2 of Division 1 of Title 6.7 of the Government Code, to read:

## Article 7. Tobacco Settlement State Securitization

63049. The definitions contained in this section are in addition to the definitions contained in Section 63010 and together with the definitions contained in that section shall govern the construction of this article, unless the context requires otherwise:

(a) “California escrow agreement” means the escrow agreement dated April 12, 2000, as amended, between the Attorney General, on behalf of the state, and the California escrow agent named in the agreement relating to the division between the state and the participating jurisdictions of amounts payable under the Master Settlement Agreement.

(b) “Consent decree and final judgment” means, collectively, the Consent Decree and Final Judgment entered in the Superior Court of the State of California for San Diego County on December 9, 1998, approving the Master Settlement Agreement, the memorandum of understanding, and the orders entered by the court on January 18, 2000, and July 30, 2001, approving the Agreement Regarding Interpretation of Memorandum of Understanding.

(c) “Master Settlement Agreement” means the settlement dated November 23, 1998, as amended, among the attorneys general of 46 states (including California), the District of Columbia, the Commonwealth of Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands, and Philip Morris Incorporated, R. J. Reynolds Tobacco Company, Brown and Williamson Tobacco Corporation, Lorillard Tobacco Company, and the other Subsequent Participating Manufacturers as defined therein.

(d) “Memorandum of understanding” means, collectively, the memorandum of understanding dated August 5, 1998, together with the Agreement Regarding Interpretation of Memorandum of Understanding, among the state and various local governments of the state to coordinate their pending cases and to allocate certain portions of the recovery under the Master Settlement Agreement.

(e) “Operating expenses” means the reasonable operating expenses of the special purpose trust, including, without limitation, the costs of preparation of accounting and other reports, maintenance of the ratings on the bonds, insurance premiums, or other required activities of the special purpose trust, and fees and expenses incurred for professional consultants and fiduciaries.

(f) “Tobacco assets” means all moneys required to be paid to the state under the Master Settlement Agreement, as further provided in the memorandum of understanding and the California escrow agreement, and all of the state’s rights to receive those payments.

63049.1. (a) Subject to subdivision (b), 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 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 that it purchased as collateral and security for its bonds. The pledge of any of these assets and of any revenues, reserves, and earnings pledged in connection therewith shall be valid and binding in accordance with its terms from the time the pledge is made and amounts so pledged and thereafter received shall immediately be subject to the lien of the pledge without the need for physical delivery, recordation, filing, or other further act. 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) Based upon the terms of the sale agreements and bonds as established by the special purpose trust pursuant to subdivision (a), tobacco assets may be sold pursuant to this article, whether at one time or from time-to-time, only in an amount or amounts necessary to provide the state with up to four billion five hundred million dollars

(\$4,500,000,000) exclusive of capitalized interest on the bonds and any costs incurred by the bank or the special purpose trust in implementing this article, including, but not limited to, the cost of financing one or more reserve funds, any credit enhancements, costs incurred in the issuance of bonds, and operating expenses. The net proceeds of sale of any tobacco assets by the bank shall be deposited in the General Fund. The use and application of the proceeds of any sale of tobacco assets or bonds shall not in any way affect the legality or validity of that sale or those bonds.

63049.2. Notwithstanding any other provision of this division, Article 3 (commencing with Section 63040), Article 4 (commencing with Section 63042), and Article 5 (commencing with Section 63043) do not apply to any bonds issued by the special purpose trust established by this article. All matters authorized in this article are in addition to powers granted to the bank in this division.

63049.3. Any sale of some or all of the tobacco assets under this article shall be treated as a true sale and absolute transfer of the property so transferred to the special purpose trust and not as a pledge or grant of a security interest by the state, the bank board, the State Public Works Board, or the bank for any borrowing. The characterization of the sale of any of those assets as an absolute transfer by the participants shall not be negated or adversely affected by the fact that only a portion of the tobacco assets is transferred, nor by the state's acquisition of an ownership interest in any residual interest or a subordinate interest in the tobacco assets, nor by any characterization of the special purpose trust or its bonds for purposes of accounting, taxation, or securities regulation, nor by any other factor whatsoever.

63049.4. (a) On and after the effective date of each sale of tobacco assets, the state shall have no right, title, or interest in or to the tobacco assets sold, and the tobacco assets so sold shall be property of the special purpose trust and not of the state, the bank board, the State Public Works Board, or the bank, and shall be owned, received, held, and disbursed by the special purpose trust or the trustee for the financing. None of the tobacco assets sold by the state pursuant to this article shall be subject to garnishment, levy, execution, attachment, or other process, writ, including, but not limited to, a writ of mandate, or remedy in connection with the assertion or enforcement of any debt, claim, settlement, or judgment against the state, the bank board, the State Public Works Board, or the bank.

On or before the effective date of any sale, the state, acting through its Attorney General, upon direction of the bank, shall notify the California escrow agent under the Master Settlement Agreement and the California escrow agreement that the sold tobacco assets have been sold to the special purpose trust and irrevocably instruct the California escrow



agent that, as of the applicable effective date, the tobacco assets sold are to be paid directly to the trustee for the applicable bonds of the special purpose trust. The state pledges to and agrees with the holders of any bonds issued by the special purpose trust that it will not amend the Master Settlement Agreement, the memorandum of understanding, or the California escrow agreement, or take any other action, in any way that would alter, limit, or impair the rights to receive tobacco assets sold to the special purpose trust pursuant to this article, nor in any way impair the rights and remedies of bondholders or the security for their bonds until those bonds, together with the interest thereon and costs and expenses in connection with any action or proceeding on behalf of the bondholders, are fully paid and discharged. The state further pledges and agrees that it shall enforce its rights to collect all moneys due from the participating tobacco products manufacturers under the Master Settlement Agreement and, in addition, shall diligently enforce the model statute as contemplated in the Master Settlement Agreement (Article 3 (commencing with Section 104555) of Chapter 1 of Part 3 of Division 103 of the Health and Safety Code) against all tobacco product manufacturers selling tobacco products in the state and that are not signatories to the Master Settlement Agreement, in each case in the manner and to the extent necessary in the judgment of the Attorney General to collect all moneys to which the state is entitled under the Master Settlement Agreement. The special purpose trust may include these pledges and undertakings in its bonds. Notwithstanding these pledges and undertaking by the state, the Attorney General may in his or her discretion enforce any and all provisions of the Master Settlement Agreement, without limitation.

(b) Bonds issued pursuant to this article shall not be deemed to constitute a debt of the state or a pledge of the faith or credit of the state, and all bonds shall contain on the face thereof a statement to the effect that neither the faith and credit nor the taxing power nor any other assets or revenues of the state or of any political subdivision thereof, other than the special purpose trust, is or shall be pledged to the payment of the principal of or the interest on the bonds.

(c) Whether or not the bonds are of a form and character as to be negotiable instruments under the terms of the Uniform Commercial Code, the bonds are hereby made negotiable instruments for all purposes, subject only to the provisions of the bonds for registration.

(d) The special purpose trust and the bank shall be treated as public agencies for purposes of Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure, and any action or proceeding challenging the validity of any matter authorized by this article shall be brought in accordance with, and within the time specified in, that chapter.



63049.5. The state acknowledges and agrees that its 57 counties, the Cities of San Jose, Los Angeles, and San Diego, and the City and County of San Francisco, commonly and collectively known as the “participating jurisdictions,” have rights and interests in the memorandum of understanding. In recognition of the rights of the participating jurisdictions of the state contained in the memorandum of understanding, the state pledges that the sale of tobacco assets authorized by this article shall in no way include and the state shall not otherwise alter, limit, or impair the rights of the participating jurisdictions, including, but not limited to, rights to receive payments, set forth in the memorandum of understanding. Nothing in this article shall be construed to alter the right of each of the participating jurisdictions to sell or assign some or all of its interest, and rights to receive payments, under the memorandum of understanding in the manner deemed appropriate by its governing body.

SEC. 3. Section 104897 of the Health and Safety Code is amended to read:

104897. (a) There is hereby established in the State Treasury the Tobacco Settlement Fund.

(b) In the 2001–02 fiscal year, four hundred one million nine hundred ninety-two thousand dollars (\$401,992,000) of the state’s share of funds received pursuant to the Master Settlement Agreement shall be deposited in the fund.

(c) Except as provided in Article 7 (commencing with Section 63049) of Chapter 2 of Division 1 of Title 6.7 of the Government Code, commencing July 1, 2002, the total amount of the state’s share of moneys received pursuant to the Master Settlement Agreement shall be deposited in the fund.

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## CHAPTER 415

An act to amend Sections 6016, 6019, 6021, 6031.5, 6079.5, and 6145 of, to amend, repeal, and add Section 6065 to, and to add Section 6032 to, the Business and Professions Code, relating to attorneys, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 6, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 6016 of the Business and Professions Code is amended to read:

6016. The term of office of each attorney member of the board shall commence at the conclusion of the annual meeting next succeeding his or her election, and he or she shall hold office until his or her successor is elected and qualified.

Vacancies in the board of governors shall be filled by the board by special election or by appointment for the unexpired term.

The board of governors may provide by rule for an interim board to act in the place and stead of the board when because of vacancies during terms of office there is less than a quorum of the board.

SEC. 2. Section 6019 of the Business and Professions Code is amended to read:

6019. Each place upon the board for which a member is to be elected shall for the purposes of the election be deemed a separate office.

If only one member seeks election to an office, the member is deemed elected. If two or more members seek election to the same office, the election shall be by ballot. The ballots shall be distributed to those entitled to vote at least twenty days prior to the date of canvassing the ballots and shall be returned to a site or sites designated by the State Bar, where they shall be canvassed at least five days prior to the ensuing annual meeting. At the annual meeting, the count shall be certified and the result officially declared.

In all other respects the elections shall be as the board may by rule direct.

SEC. 3. Section 6021 of the Business and Professions Code is amended to read:

6021. Within the period of 270 days next preceding the annual meeting, the board, at a meeting called for that purpose, shall elect the president, vice presidents and treasurer for the ensuing year. The president shall be elected from among those members of the board whose terms on the board expire that year, or if no such member is able and willing to serve, then from among the board members who have completed at least one or more years of their terms.

The other officers shall be elected from among the board members who have at least one or more years to complete their respective terms.

The newly elected president, vice presidents, and treasurer shall assume the duties of their respective offices at the conclusion of the annual meeting following their election.

SEC. 4. Section 6031.5 of the Business and Professions Code is amended to read:

6031.5. (a) The Conference of Delegates, as established under and pursuant to Article 6 of the Rules and Regulations of the State Bar, shall not be funded after January 1, 2000, with mandatory fees collected pursuant to subdivision (a) of Section 6140.

The State Bar may provide the Conference of Delegates with administrative and support services, provided the State Bar shall be reimbursed for the full cost of those services out of funds collected pursuant to subdivision (c), funds raised by or through the activities of the Conference of Delegates, or other funds collected from voluntary sources. The financial audit specified in Section 6145 shall confirm that the amount assessed by the State Bar for providing the services reimburses the costs of providing them, and shall verify that mandatory dues are not used to fund the Conference of Delegates.

(b) State Bar sections, as established under and pursuant to Article 13 of the Rules and Regulations of the State Bar, and their activities shall not be funded after January 1, 2000, with mandatory fees collected pursuant to subdivision (a) of Section 6140.

The State Bar may provide an individual section, or two or more sections collectively, with administrative and support services, provided the State Bar shall be reimbursed for the full cost of those services out of funds collected pursuant to subdivision (c), funds raised by or through the activities of the sections, or other funds collected from voluntary sources. The financial audit specified in Section 6145 shall confirm that the amount assessed by the State Bar for providing the services reimburses the costs of providing them, and shall verify that mandatory dues are not used to fund the sections.

(c) Notwithstanding the other provisions of this section, the State Bar is expressly authorized to collect voluntary fees to fund the Conference of Delegates or the State Bar sections on behalf of those organizations in conjunction with the State Bar's collection of its annual membership dues. Funds collected pursuant to this subdivision, and other funds raised by or through the activities of the Conference of Delegates or sections, or collected from voluntary sources, for their support or operation, shall not be subject to the expenditure limitations of subdivision (b) of Section 6140.05.

(d) Notwithstanding any other provision of law, if an independent nonprofit successor entity to the Conference of Delegates, as referenced in subdivision (a), is incorporated for the purposes of aiding in matters pertaining to the advancement of the science of jurisprudence or to the improvement of the administration of justice, the State Bar is expressly authorized to collect, in conjunction with the State Bar's collection of its annual membership dues, voluntary fees or donations on behalf of the successor entity, and to convey any unexpended voluntary fees or donations previously made to the Conference of Delegates pursuant to this section to the successor entity. The successor entity shall pay for the cost of the collection. The State Bar and the successor entity may also contract for other services. The financial audit specified in Section 6145 shall confirm that the amount of any contract shall fully cover the costs

of providing the services, and shall verify that mandatory dues are not used to fund any successor entity.

(e) Any independent nonprofit successor entity to the Conference of Delegates, as referenced in subdivision (d), shall be a voluntary association and shall not be a part of the State Bar of California, nor funded in any way through mandatory dues collected by the State Bar of California. Any contribution or membership option included with a State Bar of California mandatory dues billing statement shall include a statement that the Conference of Delegates or its successor entity is not a part of the State Bar of California and that membership in that organization is voluntary.

SEC. 5. Section 6032 is added to the Business and Professions Code, to read:

6032. Notwithstanding any other provision of law, the State Bar is expressly authorized to collect, in conjunction with the State Bar's collection of its annual membership dues, voluntary fees on behalf of and for the purpose of funding the California Supreme Court Historical Society, which advances the science of jurisprudence by preserving and disseminating to the general public the history of the Supreme Court and the Judicial Branch.

SEC. 6. Section 6065 of the Business and Professions Code is amended to read:

6065. (a) (1) Any unsuccessful applicant for admission to practice, after he or she has taken any examination and within four months after the results thereof have been declared, has the right to inspect those of his or her examination papers that are in the actual, physical possession of the examining committee at the time the request for inspection is made. The inspection shall occur at the office of the examining committee located nearest to the place at which the applicant took the examination.

(2) The applicant also has the right to inspect the grading of the papers whether the record thereof is marked upon the examination or otherwise.

(b) This section shall remain in effect only until January 1, 2004, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2004, deletes or extends that date.

SEC. 7. Section 6065 is added to the Business and Professions Code, to read:

6065. (a) (1) Any unsuccessful applicant for admission to practice, after he or she has taken any examination and within four months after the results thereof have been declared, has the right to inspect his or her examination papers at the office of the examining committee located nearest to the place at which the applicant took the examination.

(2) The applicant also has the right to inspect the grading of the papers whether the record thereof is marked upon the examination or otherwise.

(b) This section shall become operative on January 1, 2004.

SEC. 8. Section 6079.5 of the Business and Professions Code is amended to read:

6079.5. (a) The board shall appoint a lawyer admitted to practice in California to serve as chief trial counsel. He or she shall be appointed for a term of four years and may be reappointed for additional four-year periods. He or she shall serve at the pleasure of the board. He or she shall not engage in private practice. The State Bar shall notify the Senate Rules Committee and the Senate and Assembly Judiciary Committees within seven days of the dismissal or hiring of a chief trial counsel.

The appointment of the chief trial counsel is subject to confirmation by the Senate, and the time limits prescribed in Section 1774 of the Government Code for Senate confirmation and for service in office are applicable to the appointment.

He or she shall report to and serve under the Regulation, Admissions, and Discipline Oversight Committee of the Board of Governors of the State Bar or its successor committee on attorney discipline, and shall not serve under the direction of the chief executive officer.

(b) The chief trial counsel shall have the following qualifications:

(1) Be an attorney licensed to practice in the State of California, be in good standing and shall not have committed any disciplinary offenses in California or any other jurisdiction.

(2) Have a minimum of five years of experience in the practice of law, including trial experience, with law practice in broad areas of the law.

(3) Have a minimum of two years of prosecutorial experience or similar experience in administrative agency proceedings or disciplinary agencies.

(4) Have a minimum of two years of experience in an administrative role, overseeing staff functions.

The board may except an appointee from any of the above qualifications for good cause upon a determination of necessity to obtain the most qualified person.

On or after July 1, 1987, the chief trial counsel may, as prescribed by the Supreme Court, petition the court for a different disposition of a matter than the recommendations of the review department or the board to the court.

SEC. 9. Section 6145 of the Business and Professions Code is amended to read:

6145. (a) The board shall contract with a nationally recognized independent public accounting firm for an audit of its financial statement for each fiscal year beginning after December 31, 1998. The financial statement shall be promptly certified under oath by the treasurer of the State Bar, and a copy of the audit and financial statement shall be submitted within 120 days of the close of the fiscal year to the board, the

Chief Justice of the Supreme Court, and to the Assembly and Senate Committees on Judiciary.

The audit shall examine the receipts and expenditures of the State Bar, the Conference of Delegates, and the State Bar sections, to assure that the receipts of the Conference of Delegates and the sections are being applied, and their expenditures are being made, in compliance with subdivisions (a) and (b) of Section 6031.5, and that the receipts of the Conference of Delegates and the receipts of the sections are applied only to the work of the Conference of Delegates and the sections, respectively.

Pursuant to subdivision (d) of Section 6031.5, if an independent nonprofit successor entity to the Conference of Delegates is incorporated, the audit shall examine the receipts and expenditures of the State Bar to ensure that the funds collected on behalf of the successor entity are conveyed to that entity, that the State Bar has been paid or reimbursed for the full cost of any administrative and support services provided to the successor entity, including the collection of fees or donations on its behalf, and that no mandatory dues are being used to fund the activities of the successor entity.

(b) The board shall contract with the Bureau of State Audits to conduct a performance audit of the State Bar's operations from July 1, 2000, to December 31, 2000, inclusive. A copy of the performance audit shall be submitted by May 1, 2001, to the board, to the Chief Justice of the Supreme Court, and to the Assembly and Senate Committees on Judiciary.

Every two years thereafter, the board shall contract with the Bureau of State Audits to conduct a performance audit of the State Bar's operations for the respective fiscal year, commencing with January 1, 2002, through December 31, 2002, inclusive. A copy of the performance audit shall be submitted within 120 days of the close of the fiscal year for which the audit was performed to the board, to the Chief Justice of the Supreme Court, and to the Assembly and Senate Committees on Judiciary.

For the purposes of this subdivision, the Bureau of State Audits may contract with a third party to conduct the performance audit. This subdivision is not intended to reduce the number of audits the Bureau of State Audits may otherwise be able to conduct.

SEC. 10. 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 necessary reforms relative to the State Bar of California as quickly as possible, it is necessary that this act take effect immediately.

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CHAPTER 416

An act to amend Sections 311, 338, 360, 362.3, 366.21, and 387 of, to add Article 5.5 (commencing with Section 290.1) to Chapter 2 of Part 1 of Division 2 of, and to repeal Sections 312, 335, 336, 337, and 366.23 of, the Welfare and Institutions Code, relating to dependent children.

[Approved by Governor September 6, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Article 5.5 (commencing with Section 290.1) is added to Chapter 2 of Part 1 of Division 2 of the Welfare and Institutions Code, to read:

Article 5.5. Notices in Dependent Child Proceedings

290.1. If the probation officer or social worker determines that the child shall be retained in custody, he or she shall immediately file a petition pursuant to Section 332 with the clerk of the juvenile court, who shall set the matter for hearing on the detention hearing calendar. The probation officer or social worker shall serve notice as prescribed in this section.

(a) Notice shall be given to the following persons whose whereabouts are known or become known prior to the initial petition hearing:

- (1) The mother.
- (2) The father or fathers, presumed and alleged.
- (3) The legal guardian or guardians.
- (4) The child, if the child is 10 years of age or older.
- (5) If there is no parent or guardian residing in California, or if the residence is unknown, then to any adult relative residing within the county or if none, the adult relative residing nearest the court.
- (6) The attorney for the parent or parents, or legal guardian or guardians.
- (7) The district attorney, if the district attorney has notified the clerk of the court that he or she wishes to receive the petition, containing the time, date, and place of the hearing.



(8) The probate department of the superior court that appointed the guardian, if the child is a ward of a guardian appointed pursuant to the Probate Code.

(9) If the court knows or has reason to know that an Indian child is involved, then to the Indian custodian and the tribe of that child. If the identity or location of the parent or Indian custodian and the tribe cannot be determined, notice shall be given to the Bureau of Indian Affairs.

(b) No notice is required for a parent whose parental rights have been terminated.

(c) The notice shall be given as soon as possible after the filing of the petition. In the case of an Indian child, if notice is given to the Bureau of Indian Affairs, the bureau shall have 15 days after receipt to provide the requisite notice to the parent or Indian custodian and the tribe.

(d) The notice of the initial petition hearing shall include all of the following:

- (1) The date, time, and place of the hearing.
- (2) The name of the child.
- (3) A copy of the petition.

(e) Service of the notice shall be written or oral. If the person being served cannot read, notice shall be given orally. In the case of an Indian child, notice to the Bureau of Indian Affairs, if necessary, shall be by registered mail, return receipt requested.

290.2. Upon the filing of a petition by a probation officer or social worker, the clerk of the juvenile court shall issue notice, to which shall be attached a copy of the petition, and he or she shall cause the same to be served as prescribed in this section.

(a) Notice shall be given to the following persons whose address is known or becomes known prior to the initial petition hearing:

- (1) The mother.
- (2) The father or fathers, presumed and alleged.
- (3) The legal guardian or guardians.
- (4) The child, if the child is 10 years of age or older.
- (5) If there is no parent or guardian residing in California, or if the residence is unknown, to any adult relative residing within the county or if none, the adult relative residing nearest the court.

(6) Upon reasonable notification by counsel representing the child, parent, or guardian, the clerk of the court shall give notice to that counsel as soon as possible.

(7) The district attorney, if the district attorney has notified the clerk of the court that he or she wishes to receive the petition, containing the time, date, and place of the hearing.

(8) The probate department of the superior court that appointed the guardian, if the child is a ward of a guardian appointed pursuant to the Probate Code.



(9) If the court knows or has reason to know that an Indian child is involved, then to the Indian custodian and the tribe of that child. If the identity or location of the parent or Indian custodian and the tribe cannot be determined, notice shall be given to the Bureau of Indian Affairs.

(b) No notice is required for a parent whose parental rights have been terminated.

(c) Notice shall be served as follows:

(1) If the child is retained in custody, the notice shall be given to the persons required to be noticed as soon as possible, and at least five days before the hearing, unless the hearing is set to be heard in less than five days in which case notice shall be given at least 24 hours prior to the hearing.

(2) If the child is not retained in custody, the notice shall be given to those persons required to be noticed at least 10 days prior to the date of the hearing. If any such person is known to reside outside of the county, the clerk of the juvenile court shall mail the notice and copy of the petition by first-class mail, to that person as soon as possible after the filing of the petition and at least 10 days before the time set for hearing. Failure to respond to the notice is not cause for an arrest or detention. In the instance of a failure to appear after notice by first-class mail, the court shall direct that the notice and copy of the petition be personally served on all persons required to receive the notice and copy of the petition. For these purposes, personal service of the notice and copy of the petition outside of the county at least 10 days before the time set for hearing is equivalent to service by first-class mail. Service may be waived by any person by a voluntary appearance entered in the minutes of the court or by a written waiver of service filed with the clerk of the court at, or prior to, the hearing.

(3) In the case of an Indian child, if notice is given to the Bureau of Indian Affairs, the bureau shall have 15 days after receipt to provide the requisite notice to the parent or Indian custodian and the tribe.

(d) The notice of the initial petition hearing shall include all of the following:

- (1) The date, time, and place of the hearing.
- (2) The name of the child.
- (3) A copy of the petition.

(e) In the case of an Indian child, notice to the Bureau of Indian Affairs, if necessary, shall be by registered mail, return receipt requested.

291. After the initial petition hearing, the clerk of the court shall cause the notice to be served in the following manner:

- (a) Notice of the hearing shall be given to the following persons:
- (1) The mother.
  - (2) The father or fathers, presumed and alleged.
  - (3) The legal guardian or guardians.

- (4) The child, if the child is 10 years of age or older.
- (5) Each attorney of record unless counsel of record is present in court when the hearing is scheduled, then no further notice need be given.
- (6) If there is no parent or guardian residing in California, or if the residence is unknown, then to any adult relative residing within the county or if none, the adult relative residing nearest the court.
- (7) If the court knows or has reason to know that an Indian child is involved, then to the Indian custodian and the tribe of that child. If the identity or location of the parent or Indian custodian and the tribe cannot be determined, notice shall be given to the Bureau of Indian Affairs.
  - (b) No notice is required for a parent whose parental rights have been terminated.
  - (c) Notice shall be served as follows:
    - (1) If the child is detained, the notice shall be given to the persons required to be noticed as soon as possible, and at least five days before the hearing, unless the hearing is set less than five days and then at least 24 hours prior to the hearing.
    - (2) If the child is not detained, the notice shall be given to those persons required to be noticed at least 10 days prior to the date of the hearing.
    - (3) In the case of an Indian child, notice is to be given no less than 10 days before the hearing. If notice is given to the Bureau of Indian Affairs, the bureau shall have 15 days after receipt to provide the requisite notice to the parent or Indian custodian and the tribe.
  - (d) The notice shall include all of the following:
    - (1) The name and address of the person notified.
    - (2) The nature of the hearing.
  - (3) Each section and subdivision under which the proceeding has been initiated.
  - (4) The date, time, and place of the hearing.
  - (5) The name of the child upon whose behalf the petition has been brought.
  - (6) A statement that:
    - (A) If they fail to appear, the court may proceed without them.
    - (B) The child, parent, guardian, Indian custodian, or adult relative to whom notice is required to be given is entitled to have an attorney present at the hearing.
    - (C) If the parent, guardian, Indian custodian, or adult relative is indigent and cannot afford an attorney, and desires to be represented by an attorney, the parent, guardian, Indian custodian, or adult relative shall promptly notify the clerk of the juvenile court.
    - (D) If an attorney is appointed to represent the parent, guardian, Indian custodian, or adult relative, the represented person shall be liable for all or a portion of the costs to the extent of his or her ability to pay.

(E) The parent, guardian, Indian custodian, or adult relative may be liable for the costs of support of the child in any out-of-home placement.

(7) A copy of the petition.

(8) In the case of an Indian child, the notice shall contain a statement that the parent or Indian custodian and the tribe have a right to intervene at any point in the proceedings. The notice shall also include a statement that the parent or Indian custodian and the tribe shall, upon request, be granted up to 20 additional days to prepare for the proceedings.

(e) Service of the notice of the hearing shall be given in the following manner:

(1) If the child is detained and the persons required to be noticed are not present at the initial petition hearing, they shall be noticed by personal service or by certified mail, return receipt requested.

(2) If the child is detained and the persons required to be noticed are present at the initial petition hearing, they shall be noticed by personal service or by first-class mail.

(3) If the child is not detained, the persons required to be noticed shall be noticed by personal service or by first-class mail, unless the person to be served is known to reside outside the county, in which case service shall be by first-class mail.

(4) In the case of an Indian child, notice shall be by registered mail, return receipt requested.

(f) Any of the notices required to be given under this section or Sections 290.1 and 290.2 may be waived by a party in person or through his or her attorney, or by a signed written waiver filed on or before the date scheduled for the hearing.

292. The social worker or probation officer shall give notice of the review hearing held pursuant to Section 364 in the following manner:

(a) Notice of the hearing shall be given to the following persons:

(1) The mother.

(2) The presumed father or any father receiving services.

(3) The legal guardian or guardians.

(4) The child, if the child is 10 years of age or older.

(5) Each attorney of record, if that attorney was not present at the time that the hearing was set by the court.

(6) If the court knows or has reason to know that an Indian child is involved, then to the Indian custodian and the tribe of that child. If the identity or location of the parent or Indian custodian and the tribe cannot be determined, notice shall be given to the Bureau of Indian Affairs.

(b) No notice is required for a parent whose parental rights have been terminated.

(c) The notice of the hearing shall be served not earlier than 30 days, nor later than 15 days, before the hearing. In the case of an Indian child, if notice is given to the Bureau of Indian Affairs, the bureau shall have

15 days after receipt to provide the requisite notice to the parent or Indian custodian and the tribe.

(d) (1) The notice shall contain a statement regarding the nature of the hearing to be held and any change in the custody or status of the child being recommended by the supervising agency. The notice shall also include a statement that the child and the parent or parents or legal guardian or guardians have a right to be present at the hearing, to be represented by counsel at the hearing and the procedure for obtaining appointed counsel, and to present evidence regarding the proper disposition of the case. The notice shall also state that if the parent or parents or legal guardian or guardians fail to appear, the court may proceed without them.

(2) In the case of an Indian child, the notice shall contain a statement that the parent or Indian custodian and the tribe have a right to intervene at any point in the proceedings. The notice shall also include a statement that the parent or Indian custodian and the tribe shall, upon request, be granted up to 20 additional days to prepare for the proceedings.

(e) (1) Service of the notice shall be by personal service, by first-class mail, or by certified mail, return receipt requested, addressed to the last known address of the person to be noticed.

(2) In the case of an Indian child, notice shall be by registered mail, return receipt requested.

293. The social worker or probation officer shall give notice of the review hearings held pursuant to Section 366.21 or 366.22 in the following manner:

(a) Notice of the hearing shall be given to the following persons:

(1) The mother.

(2) The presumed father or any father receiving services.

(3) The legal guardian or guardians.

(4) The child, if the child is 10 years of age or older.

(5) In the case of a child removed from the physical custody of his or her parent or legal guardian, the foster parents, relative caregivers, community care facility, or foster family agency having physical custody of the child.

(6) Each attorney of record if that attorney was not present at the time that the hearing was set by the court.

(7) If the court knows or has reason to know that an Indian child is involved, then to the Indian custodian and the tribe of that child. If the identity or location of the parent or Indian custodian and the tribe cannot be determined, notice shall be given to the Bureau of Indian Affairs.

(b) No notice is required for a parent whose parental rights have been terminated.

(c) The notice of hearing shall be served not earlier than 30 days, nor later than 15 days, before the hearing. In the case of an Indian child, if

notice is given to the Bureau of Indian Affairs, the bureau shall have 15 days after receipt to provide the requisite notice to the parent or Indian custodian and the tribe.

(d) (1) The notice shall contain a statement regarding the nature of the hearing to be held and any change in the custody or status of the child being recommended by the supervising agency. If the notice is to the child, parent or parents, or legal guardian or guardians, the notice shall also advise them of the right to be present, the right to be represented by counsel, the right to request counsel, and the right to present evidence. The notice shall also state that if the parent or parents or legal guardian or guardians fail to appear, the court may proceed without them.

(2) In the case of an Indian child, the notice shall contain a statement that the parent or Indian custodian and the tribe have a right to intervene at any point in the proceedings. The notice shall also include a statement that the parent or Indian custodian and the tribe shall, upon request, be granted up to 20 additional days to prepare for the proceedings.

(e) (1) Service of the notice shall be by first-class mail addressed to the last known address of the person to be noticed or by personal service on the person. Service of a copy of the notice shall be by personal service or by certified mail, return receipt requested, or any other form of notice that is equivalent to service by first-class mail.

(2) In the case of an Indian child, notice shall be by registered mail, return receipt requested.

(f) Notice to a foster parent, a relative caregiver, a certified foster parent who has been approved for adoption, 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 or by a licensed county adoption agency, shall indicate that the person notified may attend all hearings or may submit any information he or she deems relevant to the court in writing.

294. The social worker or probation officer shall give notice of a selection and implementation hearing held pursuant to Section 366.26 in the following manner:

(a) Notice of the hearing shall be given to the following persons:

(1) The mother.

(2) The fathers, presumed and alleged.

(3) The child, if the child is 10 years of age or older.

(4) The grandparents of the child, if their address is known and if the parent's whereabouts are unknown.

(5) All counsel of record.

(6) If the court knows or has reason to know that an Indian child is involved, then to the Indian custodian and the tribe of that child. If the identity or location of the parent or Indian custodian and the tribe cannot be determined, notice shall be given to the Bureau of Indian Affairs.

(b) The following persons shall not be notified of the hearing:

(1) A parent who has relinquished the child to the State Department of Social Services or to a licensed adoption agency for adoption, and the relinquishment has been accepted and filed with notice as required under Section 8700 of the Family Code.

(2) An alleged father who has denied paternity and has executed a waiver of the right to notice of further proceedings.

(3) A parent whose parental rights have been terminated.

(c) (1) Service of the notice shall be completed at least 45 days before the hearing date. Service is deemed complete at the time the notice is personally delivered to the person named in the notice or 10 days after the notice has been placed in the mail, or at the expiration of the time prescribed by the order for publication.

(2) In the case of an Indian child, notice to the Indian custodian and the tribe shall be completed at least 10 days before the hearing.

(3) In the case of an Indian child, if notice is given to the Bureau of Indian Affairs, the bureau shall have 15 days after receipt to provide the requisite notice to the parent or Indian custodian and the tribe.

(d) Regardless of the type of notice required, or the manner in which it is served, once the court has made the initial finding that notice has properly been given to the parent, or to any person entitled to receive notice pursuant to this section, subsequent notice for any continuation of a Section 366.26 hearing may be by first-class mail to any last known address. However, if the recommendation changes from the recommendation contained in the notice previously found to be proper, notice shall be provided to the parent, and to any person entitled to receive notice pursuant to this section, regarding that subsequent hearing.

(e) The notice shall contain the following information:

(1) The date, time, and place of the hearing.

(2) The right to appear.

(3) The parents' right to counsel.

(4) The nature of the proceedings.

(5) The recommendation of the supervising agency.

(6) A statement that, at the time of hearing, the court is required to select a permanent plan of adoption, legal guardianship, or long-term foster care for the child.

(7) In the case of an Indian child, the notice shall contain a statement that the parent or Indian custodian and the tribe have a right to intervene at any point in the proceedings. The notice shall also include a statement that the parent or Indian custodian and the tribe shall, upon request, be granted up to 20 additional days to prepare for the proceedings.

(f) Notice to the parents may be given in any one of the following manners:

(1) If the parent is present at the hearing at which the court schedules a hearing pursuant to Section 366.26, the court shall advise the parent of the date, time, and place of the proceedings, their right to counsel, the nature of the proceedings, and the requirement that at the proceedings the court shall select and implement a plan of adoption, legal guardianship, or long-term foster care for the child. The court shall direct the parent to appear for the proceedings and then direct that the parent be notified thereafter by first-class mail to the parent's usual place of residence or business only.

(2) Certified mail return receipt requested to the parent's last known mailing address. This notice shall be sufficient if the child welfare agency receives a return receipt signed by the parent.

(3) Personal service to the parent named in the notice.

(4) Delivery to a competent person who is at least 18 years of age at the parent's usual place of residence or business, and thereafter mailed to the parent named in the notice by first-class mail at the place where the notice was delivered.

(5) If the residence of the parent is outside the state, service may be made as described in paragraph (1), (3), or (4) or by certified mail, return receipt requested.

(6) If the recommendation of the probation officer or social worker is legal guardianship or long-term foster care, service may be made by first-class mail to the parent's usual place of residence or business.

(7) If the parent's whereabouts are unknown and the parent cannot, with reasonable diligence, be served in any manner specified in paragraphs (1) to (6), inclusive, the petitioner shall file an affidavit with the court at least 75 days before the hearing date, stating the name of the parent and describing the efforts made to locate and serve the parent.

(A) If the court determines that there has been due diligence in attempting to locate and serve the parent and the probation officer or social worker recommends adoption, service shall be to that parent's attorney of record, if any, by certified mail, return receipt requested. If the parent does not have an attorney of record, the court shall order that service be made by publication of citation requiring the parent to appear at the date, time, and place stated in the citation, and that the citation be published in a newspaper designated as most likely to give notice to the parent. Publication shall be made once a week for four consecutive weeks. Whether notice is to the attorney of record or by publication, the court shall also order that notice be given to the grandparents of the child by first-class mail.

(B) If the court determines that there has been due diligence in attempting to locate and serve the parent and the probation officer or social worker recommends legal guardianship or long-term foster care,



no further notice is required to the parent, but the court shall order that notice be given to the grandparents of the child by first-class mail.

(C) In any case where the residence of the parent becomes known, notice shall immediately be served upon the parent as provided for in either paragraph (2), (3), (4), (5), or (6).

(8) If the identity of one or both of the parents, or alleged parents, of the child is unknown, or if the name of one or both parents is uncertain, then that fact shall be set forth in the affidavit and the court, if ordering publication, shall order the published citation to be directed to either the father or mother, or both, of the child, and to all persons claiming to be the father or mother of the child, naming and otherwise describing the child.

(g) Notice to the child and all counsel of record shall be by first-class mail.

(h) In the case of an Indian child, notice to the tribe shall be by registered mail, return receipt requested.

(i) Notwithstanding subdivision (a), if the attorney of record is present at the time the court schedules a hearing pursuant to Section 366.26, no further notice is required, except as required by subparagraph (A) of paragraph (7) of subdivision (f).

(j) This section shall also apply to children adjudged wards pursuant to Section 727.31.

295. The social worker or probation officer shall give notice of review hearings held pursuant to Section 366.3 in the following manner:

(a) Notice of the hearing shall be given to the following persons:

(1) The mother.

(2) The presumed father.

(3) The legal guardian or guardians.

(4) The child, if the child is 10 years of age or older.

(5) The foster parents, Indian custodian, relative caregivers, community care facility, or foster family agency having physical custody of the child in the case of a child removed from the physical custody of the parents or legal guardian.

(6) The attorney of record if that attorney of record was not present at the time that the hearing was set by the court.

(7) The alleged father or fathers, but only if the recommendation is to set a new hearing pursuant to Section 366.26.

(8) If the court knows or has reason to know that an Indian child is involved, then to the Indian custodian and the tribe of that child. If the identity or location of the parent or Indian custodian and the tribe cannot be determined, notice shall be given to the Bureau of Indian Affairs.

(b) No notice is required for a parent whose parental rights have been terminated.



(c) The notice of the review hearing shall be served no earlier than 30 days, nor later than 15 days, before the hearing. In the case of an Indian child, if notice is given to the Bureau of Indian Affairs, the bureau shall have 15 days after receipt to provide the requisite notice to the parent or Indian custodian and the tribe.

(d) (1) The notice of the review hearing shall contain a statement regarding the nature of the hearing to be held, any recommended change in the custody or status of the child, and any recommendation that the court set a new hearing pursuant to Section 366.26 in order to select a more permanent plan.

(2) In the case of an Indian child, the notice shall contain a statement that the parent or Indian custodian and the tribe have a right to intervene at any point in the proceedings. The notice shall also include a statement that the parent or Indian custodian and the tribe shall, upon request, be granted up to 20 additional days to prepare for the proceedings.

(e) Service of notice shall be by first-class mail addressed to the last known address of the person to be provided notice. In the case of an Indian child, notice shall be by registered mail, return receipt requested.

(f) If the child is ordered into a permanent plan of legal guardianship, and subsequently a petition to terminate or modify the guardianship is filed, the probation officer or social worker shall serve notice of the petition not less than 15 court days prior to the hearing on all persons listed in subdivision (a) and on the court that established legal guardianship if it is in another county.

296. Upon any hearing or rehearing under this article, the court may order the child or any parent or guardian, or Indian custodian of the child who is present in court, to again appear before the court, before the social worker or probation officer, or before the county financial officer at a time and place specified in the order.

297. (a) Notice required for an initial petition filed pursuant to Section 300 is applicable to a subsequent petition filed pursuant to Section 342.

(b) Upon the filing of a supplemental petition pursuant to Section 387, the clerk of the juvenile court shall immediately set the matter for hearing within 30 days of the date of the filing, and the social worker or probation officer shall cause notice thereof to be served upon the persons required by, and in the manner prescribed by, Sections 290.1, 290.2, and 291.

(c) If a petition for modification has been filed pursuant to Section 388, and it appears that the best interest of the child may be promoted by the proposed change of the order, the recognition of a sibling relationship, or the termination of jurisdiction, the court shall order that a hearing be held and shall give prior notice, or cause prior notice to be given, to the social worker or probation officer and to the child's attorney

of record, or if there is no attorney of record for the child, to the child, and his or her parent or parents or legal guardian or guardians or Indian custodian and the tribe in the manner prescribed by Section 291 unless a different manner is prescribed by the court.

SEC. 2. Section 311 of the Welfare and Institutions Code is amended to read:

311. (a) If the probation officer determines that the minor shall be retained in custody, he or she shall immediately file a petition pursuant to Section 332 with the clerk of the juvenile court who shall set the matter for hearing on the detention hearing calendar.

(b) In the hearing, the child, parents, or guardians have a privilege against self-incrimination and have a right to confrontation by, and cross-examination of, any person examined by the court as provided in Section 319.

SEC. 3. Section 312 of the Welfare and Institutions Code is repealed.

SEC. 4. Section 335 of the Welfare and Institutions Code is repealed.

SEC. 5. Section 336 of the Welfare and Institutions Code is repealed.

SEC. 6. Section 337 of the Welfare and Institutions Code is repealed.

SEC. 7. Section 338 of the Welfare and Institutions Code is amended to read:

338. In addition to the notice provided in Sections 290.1 and 290.2 the juvenile court may issue its citation directing any parent or guardian of the person concerning whom a petition has been filed to appear at the time and place set for any hearing or financial evaluation under the provisions of this chapter, including a hearing under the provisions of Section 257, and directing any person having custody or control of the minor concerning whom the petition has been filed to bring such minor with him or her. The notice shall in addition state that a parent or guardian may be required to participate in a counseling program with the minor concerning whom the petition has been filed. Personal service of such citation shall be made at least 24 hours before the time stated therein for that appearance.

SEC. 8. Section 360 of the Welfare and Institutions Code is amended to read:

360. After receiving and considering the evidence on the proper disposition of the case, the juvenile court may enter judgment as follows:

(a) Notwithstanding any other provision of law, if the court finds that the child is a person described by Section 300 and the parent has advised the court that the parent is not interested in family maintenance or family reunification services, it may, in addition to or in lieu of adjudicating the

child a dependent child of the court, order a legal guardianship, appoint a legal guardian, and issue letters of guardianship, if the court determines that a guardianship is in the best interest of the child, provided the parent and the child agree to the guardianship, unless the child's age or physical, emotional, or mental condition prevents the child's meaningful response. The court shall advise the parent and the child that no reunification services will be provided as a result of the establishment of a guardianship. The proceeding for the appointment of a guardian shall be in the juvenile court.

Any application for termination of guardianship shall be filed in juvenile court in a form as may be developed by the Judicial Council pursuant to Section 68511 of the Government Code. Section 388 shall apply to this order of guardianship.

No person shall be appointed a legal guardian under this section until an assessment as specified in subdivision (g) of Section 361.5 is read and considered by the court and reflected in the minutes of the court. The assessment shall include the following:

(1) Current search efforts for, and notification of, a noncustodial parent in the manner provided in Section 291.

(2) A review of the amount of and nature of any contact between the child and his or her parents since the filing of the petition.

(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 guardian, particularly the caretaker, to include a social history including a 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 guardianship.

(5) The relationship of the child to any identified prospective guardian, the duration and nature of the relationship, the motivation for seeking guardianship, and a statement from the child concerning the guardianship, unless the child's age or physical, emotional, or other condition precludes the child's meaningful response, and if so, a description of the condition.

(6) An analysis of the likelihood that the child would be adopted if parental rights were terminated.

The person responsible for preparing the assessment may be called and examined by any party to the guardianship proceeding.

(b) If the court finds that the child is a person described by Section 300, it may, without adjudicating the child a dependent child of the court, order that services be provided to keep the family together and place the child and the child's parent or guardian under the supervision of the social worker for a time period consistent with Section 301.

(c) If the family subsequently is unable or unwilling to cooperate with the services being provided, the social worker may file a petition with the juvenile court pursuant to Section 332 alleging that a previous petition has been sustained and that disposition pursuant to subdivision (b) has been ineffective in ameliorating the situation requiring the child welfare services. Upon hearing the petition, the court shall order either that the petition shall be dismissed or that a new disposition hearing shall be held pursuant to subdivision (d).

(d) If the court finds that the child is a person described by Section 300, it may order and adjudge the child to be a dependent child of the court.

SEC. 9. Section 362.3 of the Welfare and Institutions Code is amended to read:

362.3. In addition to the notice provided in Sections 297 and 332, the juvenile court may issue its citation directing any parent, guardian, or foster parent of the person concerning whom a petition has been filed to appear at the time and place set for any hearing under the provisions of this chapter, and directing any person having custody or control of the child concerning whom the petition has been filed to bring the child with him or her. The citation shall, in addition, state that a parent, guardian, or foster parent may be required to participate in a counseling or education program with the child concerning whom the petition has been filed. Personal service of the citation shall be made at least 24 hours before the time stated therein for the appearance.

SEC. 10. Section 366.21 of the Welfare and Institutions Code 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) 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, 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 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 (d) 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 and counsel for the child 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 provide a summary of his or her recommendation for disposition to any court-appointed child advocate, foster parents, relative caregivers, 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 at least 10 calendar days before the hearing.

(c) Prior to any hearing involving a child in the physical custody of a community care facility or 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.

(d) 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. 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 of 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 have been provided or offered to the parent or legal guardian 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. The court shall order that those services be initiated, continued, or terminated.

(e) 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, that 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. The court shall also determine whether reasonable services have been provided or offered to the parent or legal guardian 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. 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.

(f) 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 shall 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 shall not preclude a different recommendation at a later date if the child's circumstances change.

(g) 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.

(h) 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 child, and the relative was assessed for foster care placement of the child 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) An analysis of the likelihood that the child will be adopted if parental rights are terminated.

(i) If, at any hearing held pursuant to Section 366.26, a guardianship is established for the child with a relative, and juvenile court dependency is subsequently dismissed, the relative shall be eligible for aid under the Kin-GAP program as provided in Article 4.5 (commencing with Section 11360) of Chapter 2 of Part 3 of Division 9.

(j) 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.

(k) For purposes of this section, 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.

SEC. 11. Section 366.23 of the Welfare and Institutions Code is repealed.

SEC. 12. Section 387 of the Welfare and Institutions Code is amended to read:

387. An order changing or modifying a previous order by removing a child from the physical custody of a parent, guardian, relative, or friend and directing placement in a foster home, or commitment to a private or county institution, shall be made only after noticed hearing upon a supplemental petition.

(a) The supplemental petition shall be filed by the social worker in the original matter and shall contain a concise statement of facts sufficient to support the conclusion that the previous disposition has not been effective in the rehabilitation or protection of the child or, in the case of a placement with a relative, sufficient to show that the placement is not appropriate in view of the criteria in Section 361.3.

(b) Upon the filing of the supplemental petition, the clerk of the juvenile court shall immediately set the same for hearing within 30 days, and the social worker shall cause notice thereof to be served upon the persons and in the manner prescribed by Sections 290 and 291.

(c) An order for the detention of the child pending adjudication of the petition may be made only after a hearing is conducted pursuant to Article 7 (commencing with Section 305).

SEC. 13. It is the intent of the Legislature that this act reduce local court costs by clarifying and consolidating existing requirements so as to reduce the number of continuances that need to be granted.

SEC. 14. Pursuant to Section 17579 of the Government Code, the Legislature finds that there is no mandate contained in this act that will result in costs incurred by a local agency or school district for a new program or higher level of service which require reimbursement pursuant to Section 6 of Article XIII B of the California Constitution and Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

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## CHAPTER 417

An act to add Section 327 to the Military and Veterans Code, relating to military service, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 327 is added to the Military and Veterans Code, to read:

327. Officers, warrant officers, and enlisted men and women on active duty in the service of the state shall be eligible for health care benefits 30 days after being called to active duty.

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 that adequate health care benefits and economic relief may be provided as soon as possible to members of the National Guard who are called into active duty, it is necessary that this act take effect immediately.

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CHAPTER 418

An act to amend Sections 1808.1, 12509, and 12814.6 of, and to add Section 12814.7 to, the Vehicle Code, relating to vehicles.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 1808.1 of the Vehicle Code is amended to read:

1808.1. (a) The prospective employer of a driver who drives any vehicle specified in subdivision (k) shall obtain a report showing the driver's current public record as recorded by the department. For purposes of this subdivision, a report is current if it was issued less than 30 days prior to the date the employer employs the driver. The report shall be reviewed, signed, and dated by the employer and maintained at the employer's place of business until receipt of the pull-notice system

report pursuant to subdivisions (b) and (c). These reports shall be presented upon request to any authorized representative of the Department of the California Highway Patrol during regular business hours.

(b) The employer of a driver who drives any vehicle specified in subdivision (k) shall participate in a pull-notice system, which is a process for the purpose of providing the employer with a report showing the driver's current public record as recorded by the department, and any subsequent convictions, failures to appear, accidents, driver's license suspensions, driver's license revocations, or any other actions taken against the driving privilege or certificate, added to the driver's record while the employer's notification request remains valid and uncanceled. As used in this section, participation in the pull-notice system means obtaining a requester code and enrolling all employed drivers who drive any vehicle specified in subdivision (k) under that requester code.

(c) The employer of a driver of any vehicle specified in subdivision (k) shall, additionally, obtain a periodic report from the department at least every 12 months. The employer shall verify that each employee's driver's license has not been suspended or revoked, the employee's traffic violation point count, and whether the employee has been convicted of a violation of Section 23152 or 23153. The report shall be signed and dated by the employer and maintained at the employer's principal place of business. The reports shall be presented upon demand to any authorized representative of the Department of the California Highway Patrol during regular business hours.

(d) Upon the termination of a driver's employment, the employer shall notify the department to discontinue the driver's enrollment in the pull-notice system.

(e) For the purposes of the pull-notice system and periodic report process required by subdivisions (b) and (c), owners, other than owner-operators as defined in Section 34624, and employers who drive vehicles described in subdivision (k) shall be enrolled as if they were employees. Family members and volunteer drivers who drive vehicles described in subdivision (k) shall also be enrolled as if they were employees.

(f) An employer who, after receiving any driving record pursuant to this section, employs or continues to employ as a driver any person against whom a disqualifying action has been taken regarding his or her driving privilege or required driver's certificate, is guilty of a public offense, and upon conviction thereof, shall be punished by confinement in a county jail for not more than six months, by a fine of not more than one thousand dollars (\$1,000), or by both that confinement and fine.

(g) As part of its inspection of bus maintenance facilities and terminals required at least once every 13 months pursuant to subdivision

(c) of Section 34501, the Department of the California Highway Patrol shall determine whether each transit operator, as defined in Section 99210 of the Public Utilities Code, is then in compliance with this section and Section 12804.6, and shall certify each operator found to be in compliance. No funds shall be allocated under Chapter 4 (commencing with Section 99200) of Part 11 of Division 10 of the Public Utilities Code to a transit operator which the Department of the California Highway Patrol has not certified under this section.

(h) A request to participate in the pull-notice system established by this section shall be accompanied by a fee determined by the department to be sufficient to defray the entire actual cost to the department for the notification service. For the receipt of subsequent reports, the employer shall also be charged a fee established by the department pursuant to Section 1811. Any employer who qualifies under Section 1812 shall be exempt from any fee required under this section. Failure to pay the fee shall result in automatic cancellation of the employer's participation in the notification services.

(i) The department, as soon as feasible, may establish an automatic procedure to provide the periodic reports to employers by mail or via an electronic delivery method, as required by subdivision (c), on a regular basis without the need for individual requests.

(j) (1) The employer of a driver who is employed as a casual driver is not required to enter that driver's name in the pull-notice system, as otherwise required by subdivision (a). However, the employer of a casual driver shall be in possession of a report of the driver's current public record as recorded by the department, prior to allowing a casual driver to drive any vehicle specified in subdivision (k). A report is current if it was issued less than six months prior to the date the employer employs the driver.

(2) For the purposes of this subdivision, a driver is employed as a casual driver when the employer has employed the driver less than 30 days during the preceding six months. "Casual driver" does not include any driver who operates a vehicle that requires a passenger transportation endorsement.

(k) This section applies to any vehicle for the operation of which the driver is required to have a class 1, class 2, class A, or class B driver's license, a class C license with a hazardous materials endorsement, a class C license issued pursuant to Section 12814.7, or a certificate issued pursuant to Section 12512, 12517, 12519, 12520, 12523, or 12523.5, or any passenger vehicle having a seating capacity of not more than 10 persons, including the driver, operated for compensation by a charter-party carrier of passengers or passenger stage corporation pursuant to a certificate of public convenience and necessity or a permit issued by the Public Utilities Commission.

(l) This section shall not be construed to change the definition of “employer,” “employee,” or “independent contractor” for any purpose.

(m) A motor carrier who contracts with any person to drive any vehicle described in subdivision (k) which is owned by, or leased to, that motor carrier, shall be subject to subdivisions (a), (b), (c), (d), (f), (j), (k), and (l) and the employer obligations therein.

SEC. 2. Section 12509 of the Vehicle Code is amended to read:

12509. (a) Except as otherwise provided in subdivision (f) of Section 12514, the department, for good cause, may issue an instruction permit to any physically and mentally qualified person who meets one of the following requirements and who applies to the department for an instruction permit:

(1) Is age 15 years and 6 months or over and has successfully completed approved courses in automobile driver education and driver training as provided in paragraph (3) of subdivision (a) of Section 12814.6.

(2) Is age 15 years and 6 months or over and has successfully completed an approved course in automobile driver education and is taking driver training as provided in paragraph (3) of subdivision (a) of Section 12814.6.

(3) Is age 15 years or over and is enrolled in an approved driver education course and is at the same time or during the same semester enrolled in an approved driver training course.

(4) Is over the age of 17 years and 6 months.

(5) Is over the age of 16 years and is applying for a restricted driver’s license pursuant to Section 12814.7.

(b) The applicant shall qualify for and be issued an instruction permit within 12 months from the date of the application.

(c) An instruction permit issued pursuant to subdivision (a) shall entitle the applicant to operate a vehicle, subject to the limitations imposed by this section and any other provisions of law, upon the highways for a period not exceeding 24 months from the date of the application.

(d) Except as provided in Section 12814.6, any person, while having in his or her immediate possession a valid permit issued pursuant to paragraphs (1) to (4), inclusive, of subdivision (a), may operate a motor vehicle, other than a motorcycle or a motorized bicycle, when accompanied by, and under the immediate supervision of, a California licensed driver with a valid license of the appropriate class, 18 years of age or over whose driving privilege is not on probation. Except as provided in subdivision (e), an accompanying licensed driver at all times shall occupy a position within the driver’s compartment that would enable the accompanying licensed driver to assist the person in



controlling the vehicle as may be necessary to avoid a collision and to provide immediate guidance in the safe operation of the vehicle.

(e) Any person while having in his or her immediate possession a valid permit issued pursuant to paragraphs (1) to (4), inclusive, of subdivision (a), who is age 15 years and 6 months or over and who has successfully completed approved courses in automobile education and driver training as provided in paragraph (3) of subdivision (a) of Section 12814.6, and any person while having in his or her immediate possession a valid permit issued pursuant to subdivision (a) who is age 17 years and 6 months or over, may, in addition to operating a motor vehicle pursuant to subdivision (d), also operate a motorcycle or a motorized bicycle, except that the person shall not operate a motorcycle or a motorized bicycle during hours of darkness, shall stay off any freeways that have full control of access and no crossings at grade and shall not carry any passenger except an instructor licensed under Chapter 1 (commencing with Section 11100) of Division 5 of this code or a qualified instructor as defined in Section 18252.2 of the Education Code.

(f) Any person while having in his or her immediate possession a valid permit issued pursuant to paragraph (5) of subdivision (a), may only operate a government owned motor vehicle, other than a motorcycle or a motorized bicycle, when taking the driver training instruction administered by the California National Guard as required by paragraph (2) of subdivision (a) of Section 12814.7.

(g) The department may also issue an instruction permit to a person who has been issued a valid driver's license to authorize the person to obtain driver training instruction and to practice that instruction in order to obtain another class of driver's license or an endorsement.

(h) The department may further restrict permits issued under subdivision (a) as it may determine to be appropriate to assure the safe operation of a motor vehicle by the permittee.

SEC. 2.5. Section 12814.6 of the Vehicle Code is amended to read:

12814.6. (a) Except as provided in Section 12814.7, any driver's license issued to a person at least 16 years of age but under 18 years of age shall be issued pursuant to the provisional licensing program contained in this section. The program shall consist of all of the following components:

(1) Upon application for an original license, the applicant shall be issued an instruction permit pursuant to Section 12509. A person who has in his or her immediate possession a valid permit issued pursuant to Section 12509 may operate a motor vehicle, other than a motorcycle or motorized bicycle, only when either taking the driver training instruction referred to in paragraph (3) or when practicing that instruction and when accompanied by and under the immediate supervision of a California licensed driver who is least 25 years of age



and whose driving privilege is not on probation. The age requirement of this paragraph does not apply if the licensed driver is the parent, spouse, or guardian of the permitholder or is a licensed or certified driving instructor.

(2) The person shall hold an instruction permit for not less than six months prior to applying for a provisional driver's license.

(3) The person shall have complied with one of the following:

(A) Satisfactory completion of approved courses in automobile driver education and driver training maintained pursuant to provisions of the Education Code in any secondary school of California, or equivalent instruction in a secondary school of another state.

(B) Satisfactory completion of six hours or more of behind-the-wheel instruction by a driving school or an independent driving instructor licensed under Chapter 1 (commencing with Section 11100) of Division 5 and either an accredited course in automobile driver education in any secondary school of California pursuant to provisions of the Education Code or satisfactory completion of equivalent professional instruction acceptable to the department. To be acceptable to the department, the professional instruction shall meet minimum standards to be prescribed by the department, which standards shall be at least equal to the requirements for driver education and driver training contained in the rules and regulations adopted by the State Board of Education pursuant to the Education Code. A person who has complied with this subdivision shall not be required by the governing board of a school district to comply with subparagraph (A) in order to graduate from high school.

(C) No student shall take driver training instruction unless he or she is taking driver education at the same time or has successfully completed driver education.

(4) The person shall complete 50 hours of supervised driving practice prior to the issuance of a provisional license, which is in addition to any other driver training instruction required by law. Not less than 10 of the required practice hours shall include driving during darkness, as defined in Section 280. Upon application for a provisional license, the person shall submit to the department the certification of a parent, spouse, guardian, or licensed or certified driving instructor that the applicant has completed the required amount of driving practice and is prepared to take the department's driving test. A person without a parent, spouse, guardian, or who is an emancipated minor, may have a licensed driver 25 years of age or older or a licensed or certified driving instructor complete the certification. This requirement does not apply to motorcycle practice.

(5) The person shall successfully complete an examination required by the department. Before retaking a test, the person shall wait for not

less than one week after failure of the written test and for not less than two weeks after failure of the driving test.

(b) Except as provided in Section 12814.7, the provisional driver's license shall be subject to all of the following restrictions:

(1) Except as specified in paragraph (3), during the first six months after issuance of a provisional license the licensee shall not do any of the following unless accompanied and supervised by a licensed driver who is the licensee's parent or guardian, a licensed driver who is 25 years of age or older, or a licensed or certified driving instructor:

(A) Drive between the hours of 12 a.m. and 5 a.m.

(B) Transport passengers who are under 20 years of age.

(2) During the second six months after issuance of a provisional license the licensee may transport passengers under the age of 20 years between the hours of 5 a.m. and 12 a.m. without supervision. This driving time restriction shall not modify or alter any local ordinance that restricts or prohibits cruising during specified proscribed hours. However, the restriction imposed under subparagraph (A) of paragraph (1) shall continue to apply during this period.

(3) A licensee may drive between the hours of 12 a.m. and 5 a.m. or transport an immediate family member without being accompanied and supervised by a licensed driver who is the licensee's parent or guardian, a licensed driver who is 25 years of age or older, or a licensed or certified driving instructor, in the following circumstances:

(A) Medical necessity of the licensee when reasonable transportation facilities are inadequate and operation of a vehicle by a minor is necessary. The licensee shall keep in his or her possession a signed statement from a physician familiar with the condition, containing a diagnosis and probable date when sufficient recovery will have been made to terminate the necessity.

(B) Schooling or school-authorized activities of the licensee when reasonable transportation facilities are inadequate and operation of a vehicle by a minor is necessary. The licensee shall keep in his or her possession a signed statement from the school principal, dean, or school staff member designated by the principal or dean, containing a probable date that the schooling or school-authorized activity will have been completed.

(C) Employment necessity of the licensee when reasonable transportation facilities are inadequate and operation of a vehicle by a minor is necessary. The licensee shall keep in his or her possession a signed statement from the employer, verifying employment and containing a probable date that the employment will have been completed.

(D) Necessity of the licensee or the licensee's immediate family member when reasonable transportation facilities are inadequate and

operation of a vehicle by a minor is necessary to transport the licensee or the licensee's immediate family member. The licensee shall keep in his or her possession a signed statement from a parent or legal guardian verifying the reason and containing a probable date that the necessity will have ceased.

(E) The licensee is an emancipated minor.

(c) A law enforcement officer shall not stop a vehicle for the sole purpose of determining whether the driver is in violation of the restrictions imposed under subdivision (b).

(d) (1) Upon a finding that any licensee has violated paragraph (1) or (2) of subdivision (b), the court shall impose one of the following:

(A) Not less than eight hours nor more than 16 hours of community service for a first offense and not less than 16 hours nor more than 24 hours of community service for a second or subsequent offense.

(B) A fine of not more than thirty-five dollars (\$35) for a first offense and a fine of not more than fifty dollars (\$50) for a second or subsequent offense.

(2) If the court orders community service, the court shall retain jurisdiction until the hours of community service have been completed.

(3) If the hours of community service have not been completed within 90 days, the court shall impose a fine of not more than thirty-five dollars (\$35) for a first offense and not more than fifty dollars (\$50) for a second or subsequent offense.

(e) No conviction of paragraph (1) or (2) of subdivision (b), when reported to the department, shall be disclosed as otherwise specified in Section 1808 or constitute a violation point count value pursuant to Section 12810.

(f) Any term of restriction or suspension of the driving privilege imposed on a person pursuant to this subdivision shall remain in effect until the end of the term even though the person becomes 18 years of age before the term ends.

(1) The driving privilege shall be suspended when the record of the person shows one or more notifications issued pursuant to Section 40509 or 40509.5. The suspension shall continue until any notification issued pursuant to Section 40509 or 40509.5 has been cleared.

(2) A 30-day restriction shall be imposed when a driver's record shows a violation point count of two or more points in 12 months, as determined in accordance with Section 12810. The restriction shall require the licensee to be accompanied by a licensed parent, spouse, guardian, or other licensed driver 25 years of age or older, except when operating a class M vehicle, or so licensed, with no passengers aboard.

(3) A six-month suspension of the driving privilege and a one-year term of probation shall be imposed whenever a licensee's record shows a violation point count of three or more points in 12 months, as

determined in accordance with Section 12810. The terms and conditions of probation shall include, but not be limited to, both of the following:

(A) The person shall violate no law which, if resulting in conviction, is reportable to the department under Section 1803.

(B) The person shall remain free from accident responsibility.

(g) Whenever action by the department under subdivision (f) arises as a result of a motor vehicle accident, the person may, in writing and within 10 days, demand a hearing to present evidence that he or she was not responsible for the accident upon which the action is based. Whenever action by the department is based upon a conviction reportable to the department under Section 1803, the person has no right to a hearing pursuant to Article 3 (commencing with Section 14100) of Chapter 3.

(h) The department shall require any person whose driving privilege is suspended or revoked pursuant to subdivision (f) to submit proof of financial responsibility as defined in Section 16430. The proof of financial responsibility shall be filed on or before the date of reinstatement following the suspension or revocation. The proof of financial responsibility shall be maintained with the department for three years following the date of reinstatement.

(i) Notwithstanding any other provision of this code, the department may issue a distinctive driver's license, which displays a distinctive color or a distinctively colored stripe or other distinguishing characteristic, to persons at least 16 years of age and older but under 18 years of age, and to persons 18 years of age and older but under 21 years of age, so that the distinctive license feature is immediately recognizable. The features shall clearly differentiate between drivers' licenses issued to persons at least 16 years of age or older but under 18 years of age and to persons 18 years of age or older but under 21 years of age.

If changes in the format or appearance of drivers' licenses are adopted pursuant to this subdivision, those changes may be implemented under any new contract for the production of drivers' licenses entered into after the adoption of those changes.

(j) The department shall include, on the face of the provisional driver's license, the original issuance date of the provisional driver's license in addition to any other issuance date.

(k) This section shall be known and may be cited as the Brady-Jared Teen Driver Safety Act of 1997.

SEC. 3. Section 12814.7 is added to the Vehicle Code, to read:

12814.7. (a) Notwithstanding the provisional licensing requirements of subdivisions (a) to (e), inclusive, of Section 12814.6, the department shall issue to a person who is at least 16 years of age, but under 18 years of age, a restricted class C driver's license valid for the

operation of United States Army and California National Guard vehicles during the course and scope of their duties with the California National Guard if the following conditions are met:

(1) Upon application, the person provides the department with the executed enlistment contract for the applicant.

(2) The person qualifies for and is issued an instruction permit pursuant to Section 12509.

(3) Prior to the issuance of the class C license, the applicant provides proof satisfactory to the department of successful completion of a driver education and training course administered by the California National Guard.

(b) A driver's license issued pursuant to this section shall be subject to both of the following:

(1) Subdivisions (f) to (k), inclusive, of Section 12814.6.

(2) Pull-notice and periodic reports issued pursuant to Section 1808.1.

(c) The licensee shall comply with all other licensing requirements of this code, including, but not limited to, the requirements of Section 12804.9.

SEC. 4. The Department of Motor Vehicles is authorized to enter into an interagency agreement with the Military Department for reimbursement for the costs of implementing subdivision (f) of Section 12509, and Section 12814.7, of the Vehicle Code, as revised by Sections 2 and 3 of this act.

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## CHAPTER 419

An act to amend Section 980 of the Military and Veterans Code, relating to veterans.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 980 of the Military and Veterans Code is amended to read:

980. (a) As used in this chapter, "veteran" means any of the following:

(1) Any citizen of the United States who served in the active military, naval, or air service of the United States on or after April 6, 1917, and prior to November 12, 1918, and who received an honorable discharge or was released from active duty under honorable conditions.

(2) Any person who did all of the following:

(A) Served in the active military, naval, or air service of the United States for a period of not less than 90 consecutive days or was discharged from the service due to a service-connected disability within that 90-day period.

(B) Received an honorable discharge or was released from active duty under honorable conditions.

(C) Performed any portion of that service during any of the following periods:

(i) On or after December 7, 1941, and prior to January 1, 1947, including, but not limited to, members of the Philippine Commonwealth Army, the Regular Scouts (“Old Scouts”), and the Special Philippine Scouts (“New Scouts”).

(ii) On or after June 27, 1950, and prior to February 1, 1955.

(iii) On or after February 28, 1961, and prior to August 5, 1964, in the case of a veteran who served in the Republic of Vietnam during that period.

(iv) On or after August 5, 1964, and prior to May 8, 1975.

(v) On or after August 2, 1990, to and including the date on which the territories in and around the Arabian Peninsula cease to be designated as a place where the armed forces of the United States are engaged in combat, as described in Executive Order 12744 of the President of the United States. It is the intent of the Legislature, in enacting this clause, that the benefits provided by this chapter shall be available to all veterans who were on active duty in the armed forces of the United States or who were called to active duty in the reserves or National Guard during the pendency of the deployment of forces for Operation Desert Shield or Desert Storm, which resulted in Executive Order 12744, irrespective of whether these veterans served overseas or in the United States.

(vi) At any time, in a campaign or expedition for service in which a medal has been authorized by the government of the United States, regardless of the number of days served on active duty.

(vii) At any time in Somalia, or in direct support of the troops in Somalia, including, but not limited to, persons stationed on ships of the United States armed forces conducting support activities offshore in the vicinity of Somalia, during Operation Restore Hope, regardless of the number of days served.

(3) Any member of the reserves or National Guard who does all the following:

(A) Is called to, and released from, active duty or active service, regardless of the number of days served.

(B) Is called during any period when a presidential executive order specifies the United States is engaged in combat or homeland defense.

(C) Has received an honorable discharge or was released from active duty or active service under honorable conditions.

(4) Any person who did all of the following:

(A) Served in the Merchant Marine Service of the United States.

(B) Has been granted veteran status by the United States Secretary of Defense under Title IV of the GI Improvement Act of 1977 (Public Law 95-202, as amended).

(5) Any person who qualifies under federal laws for revenue bond or unrestricted funds (26 U.S.C. Sec. 143) and did all of the following:

(A) Served in the active military, naval, or air service of the United States for a period of not less than 90 consecutive days.

(B) Received an honorable discharge or was released from active duty or active service under honorable conditions.

(6) Any person who qualifies for funds made available from a qualified mortgage revenue bond issued pursuant to 26 U.S.C. Section 143 and is, at the time of application for Cal-Vet benefits, a member of the California National Guard or a reserve component of any branch of the United States armed forces who has enlisted or been commissioned in that service for a period of not less than six years and has completed a minimum of one year of satisfactory service.

(b) For purposes of this chapter “veteran” does not include any of the following:

(1) A person who was separated from the armed forces under other than honorable conditions.

(2) A person who was separated from the armed forces on account of alienage.

(3) A person who performed no military duty whatever or refused to wear the uniform.

(4) A person who served only in an auxiliary or reserve component of the armed forces whose service therein did not provide an exemption from the operation of the Selective Training and Service Act of 1940 (54 Stat. 885, as amended).

(5) A person whose service with the armed forces was due to temporary active duty orders for the sole purpose of training duty, processing, or a physical examination, except as provided for in paragraph (6) of subdivision (a).

(6) A person whose only service was as a student at a military academy and who, for any reason, failed to complete the course of study and subsequently did not serve on active duty.

(c) For purposes of this section, “active duty” or “active service” is defined as provided in 10 U.S.C. Section 101(d).

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## CHAPTER 420

An act to amend Sections 175.5, 13207, 13301, 13323, and 13328 of, to add Sections 13228.14 and 13228.15 to, and to repeal Section 13302 of, the Water Code, relating to water.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 175.5 of the Water Code is amended to read:

175.5. (a) No member of the board shall participate in any board action pursuant to Article 2 (commencing with Section 13320) of Chapter 5 of Division 7 which involves himself or herself or any waste discharger with which the board member is connected as a director, officer or employee, or in which the board member has a financial interest in the decision within the meaning of Section 87103 of the Government Code.

(b) No board member shall participate in any proceeding before any regional board as a consultant or in any other capacity on behalf of any waste discharger.

(c) Upon the request of any person, or on the Attorney General's own initiative, the Attorney General may file a complaint in the superior court for the county in which the board has its principal office alleging that a board member has knowingly violated this section and the facts upon which the allegation is based and asking that the member be removed from office. Further proceedings shall be in accordance as near as may be with rules governing civil actions. If after trial the court finds that the board member has knowingly violated this section it shall pronounce judgment that the member be removed from office.

SEC. 2. Section 13207 of the Water Code is amended to read:

13207. (a) No member of a regional board shall participate in any board action pursuant to Article 4 (commencing with Section 13260) of Chapter 4, or Article 1 (commencing with Section 13300) of Chapter 5, of this division which involves himself or herself or any waste discharger with which he or she is connected as a director, officer or employee, or in which he or she has a financial interest in the decision within the meaning of Section 87103 of the Government Code.

(b) No board member shall participate in any proceeding before any regional board or the state board as a consultant or in any other capacity on behalf of any waste discharger.

(c) Upon the request of any person, or on the Attorney General's own initiative, the Attorney General may file a complaint in the superior court for the county in which the regional board has its principal office alleging



that a board member has knowingly violated this section and the facts upon which the allegation is based and asking that the member be removed from office. Further proceedings shall be in accordance as near as may be with rules governing civil actions. If after trial the court finds that the board member has knowingly violated this section it shall pronounce judgment that the member be removed from office.

SEC. 3. Section 13228.14 is added to the Water Code, to read:

13228.14. (a) Any hearing or investigation by a regional board relating to investigating the quality of waters of the state, prescribing waste discharge requirements, issuing cease and desist orders, requiring the cleanup or abatement of waste, or imposing administrative civil liabilities or penalties may be conducted by a panel of three or more members of the regional board, but any final action in the matter shall be taken by the regional board. Due notice of any hearing shall be given to all affected persons. After a hearing, the panel shall report its proposed decision and order to the regional board and shall supply a copy to all parties who appeared at the hearing and requested a copy.

(b) No party who appears before the panel is precluded from appearing before the regional board at any subsequent hearing relating to the matter. Members of the panel are not disqualified from sitting as members of the regional board in deciding the matter.

(c) The regional board, after making an independent review of the record and taking additional evidence as may be necessary, may adopt, with or without revision, or reject, the proposed decision and order of the panel.

SEC. 4. Section 13228.15 is added to the Water Code, to read:

13228.15. The members of a regional board, or their designees, with respect to matters within the regional board's jurisdiction, may carry out prehearing conferences to address any of the matters described in subdivision (b) of Section 11511.5 of the Government Code. No party who appears at a prehearing conference is precluded from appearing before the regional board at any subsequent hearing relating to the matter.

SEC. 5. Section 13301 of the Water Code is amended to read:

13301. When a regional board finds that a discharge of waste is taking place, or threatening to take place, in violation of requirements or discharge prohibitions prescribed by the regional board or the state board, the board may issue an order to cease and desist and direct that those persons not complying with the requirements or discharge prohibitions (a) comply forthwith, (b) comply in accordance with a time schedule set by the board, or (c) in the event of a threatened violation, take appropriate remedial or preventive action. In the event of an existing or threatened violation of waste discharge requirements in the operation of a community sewer system, cease and desist orders may restrict or

prohibit the volume, type, or concentration of waste that might be added to that system by dischargers who did not discharge into the system prior to the issuance of the cease and desist order. Cease and desist orders may be issued directly by a board, after notice and hearing.

SEC. 6. Section 13302 of the Water Code is repealed.

SEC. 7. Section 13323 of the Water Code is amended to read:

13323. (a) Any executive officer of a regional board may issue a complaint to any person on whom administrative civil liability may be imposed pursuant to this article. The complaint shall allege the act or failure to act that constitutes a violation of law, the provision of law authorizing civil liability to be imposed pursuant to this article, and the proposed civil liability.

(b) The complaint shall be served by certified mail or in accordance with Article 3 (commencing with Section 415.10) of, and Article 4 (commencing with Section 416.10) of, Chapter 4 of Title 5 of Part 2 of the Code of Civil Procedure, and shall inform the party so served that a hearing before the regional board shall be conducted within 90 days after the party has been served. The person who has been issued a complaint may waive the right to a hearing.

(c) In proceedings under this article for imposition of administrative civil liability by the state board, the executive director of the state board shall issue the complaint and any hearing shall be before the state board, or before a member of the state board in accordance with Section 183, and shall be conducted not later than 90 days after the party has been served.

(d) Orders imposing administrative civil liability shall become effective and final upon issuance thereof, and are not subject to review by any court or agency except as provided by Sections 13320 and 13330. Payment shall be made not later than 30 days from the date on which the order is issued. The time for payment is extended during the period in which a person who is subject to an order seeks review under Section 13320 or 13330. Copies of these orders shall be served by certified mail or in accordance with Article 3 (commencing with Section 415.10) of, and Article 4 (commencing with Section 416.10) of, Chapter 4 of Title 5 of Part 2 of the Code of Civil Procedure upon the party served with the complaint and shall be provided to other persons who appeared at the hearing and requested a copy.

SEC. 8. Section 13328 of the Water Code is amended to read:

13328. After the time for judicial review under Section 13330 has expired, the state board may apply to the clerk of the appropriate court in the county in which the civil liability or penalty was imposed, for a judgment to collect the civil liability or penalty. The application, which shall include a certified copy of the state board or regional board action, constitutes a sufficient showing to warrant issuance of the judgment. The

court clerk shall enter the judgment immediately in conformity with the application. The judgment so entered has the same force and effect as, and is subject to all the provisions of law relating to, a judgment in a civil action, and may be enforced in the same manner as any other judgment of the court in which it is entered.

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CHAPTER 421

An act to amend Section 25402 of the Public Resources Code, relating to energy resources.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

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

(a) Significant amounts of energy are consumed in the state through pumping water, water treatment, and sewage treatment.

(b) Water conservation is a proven tool that will make the most effective use of the state's limited water supply, and will conserve energy.

(c) A significant portion of urban water demand in the state is for residential clothes washers.

(d) Section 17138 of the Revenue and Taxation Code includes in the description of water efficient clothes washers that qualify for a tax credit those clothes washers that meet specified water efficiency standards, as determined by the State Energy Resources Conservation and Development Commission.

(e) The State Energy Resources Conservation and Development Commission established a water energy efficiency standard for all commercial clothes washers sold in California on and after January 1, 2007.

(f) The federal Department of Energy regulations preempt the state from establishing a maximum water factor for residential clothes washers.

SEC. 2. Section 25402 of the Public Resources Code is amended to read:

25402. The commission shall, after one or more public hearings, do all of the following, in order to reduce the wasteful, uneconomic, inefficient, or unnecessary consumption of energy:

(a) Prescribe, by regulation, lighting, insulation climate control system, and other building design and construction standards that

increase the efficiency in the use of energy for new residential and new nonresidential buildings. The standards shall be cost effective, when taken in their entirety, and when amortized over the economic life of the structure when compared with historic practice. The commission shall periodically update the standards and adopt any revision that, in its judgment, it deems necessary. Six months after the commission certifies an energy conservation manual pursuant to subdivision (c) of Section 25402.1, no city, county, city and county, or state agency shall issue a permit for any building unless the building satisfies the standards prescribed by the commission pursuant to this subdivision or subdivision (b) of this section that are in effect on the date an application for a building permit is filed.

(b) Prescribe, by regulation, energy conservation design standards for new residential and new nonresidential buildings. The standards shall be performance standards and shall be promulgated in terms of energy consumption per gross square foot of floorspace, but may also include devices, systems, and techniques required to conserve energy. The standards shall be cost effective when taken in their entirety, and when amortized over the economic life of the structure when compared with historic practices. The commission shall periodically review the standards and adopt any revision that, in its judgment, it deems necessary. A building that satisfies the standards prescribed pursuant to this subdivision need not comply with the standards prescribed pursuant to subdivision (a). The commission shall comply with this subdivision before January 1, 1981.

(c) (1) Prescribe, by regulation, standards for minimum levels of operating efficiency, based on a reasonable use pattern, and may prescribe other cost effective measures, including incentive programs, fleet averaging, energy consumption labeling not preempted by federal labeling, and consumer education programs, to promote the use of energy efficient appliances whose use, as determined by the commission, requires a significant amount of energy on a statewide basis. The minimum levels of operating efficiency shall be based on feasible and attainable efficiencies or feasible improved efficiencies that will reduce the electrical energy consumption growth rate. The standards shall become effective no sooner than one year after the date of adoption or revision. No new appliance manufactured on or after the effective date of the standards may be sold or offered for sale in the state, unless it is certified by the manufacturer thereof to be in compliance with the standards. The standards shall be drawn so that they do not result in any added total costs to the consumer over the designed life of the appliances concerned.

(2) No new appliance, except for any plumbing fitting, regulated under paragraph (1), which is manufactured on or after July 1, 1984, may

be sold, or offered for sale, in the state, unless the date of the manufacture is permanently displayed in an accessible place on that appliance.

(3) During the period of five years after the commission has adopted a standard for a particular appliance under paragraph (1), no increase or decrease in the minimum level of operating efficiency required by the standard for that appliance shall become effective, unless the commission adopts other cost-effective measures for that appliance.

(4) Neither the commission nor any other state agency shall take any action to decrease any standard adopted under this subdivision on or before June 30, 1985, prescribing minimum levels of operating efficiency or other energy conservation measures for any appliance, unless the commission finds by a four-fifths vote that a decrease is of benefit to ratepayers, and that there is significant evidence of changed circumstances. Prior to January 1, 1986, the commission shall not take any action to increase any standard prescribing minimum levels of operating efficiency for any appliance or adopt any new standard under paragraph (1). Prior to January 1, 1986, any appliance manufacturer doing business in this state shall provide directly, or through an appropriate trade or industry association, information, as specified by the commission after consultation with manufacturers doing business in the state and appropriate trade or industry associations on sales of appliances so that the commission may study the effects of regulations on those sales. These informational requirements shall remain in effect until the information is received. The trade or industry association may submit sales information in an aggregated form in a manner that allows the commission to carry out the purposes of the study. The commission shall treat any sales information of an individual manufacturer as confidential and that information shall not be a public record. The commission shall not request any information that cannot be reasonably produced in the exercise of due diligence by the manufacturer. At least one year prior to the adoption or amendment of a standard for an appliance, the commission shall notify the Legislature of its intent, and the justification therefor, to adopt or amend a standard for the appliance. Notwithstanding paragraph (3) and this paragraph, the commission may do any of the following:

(A) Increase the minimum level of operating efficiency in an existing standard up to the level of the National Voluntary Consensus Standards 90, adopted by the American Society of Heating, Refrigeration, and Air Conditioning Engineers or, for appliances not covered by that standard, up to the level established in a similar nationwide consensus standard.

(B) Change the measure or rating of efficiency of any standard, if the minimum level of operating efficiency remains substantially the same.

(C) Adjust the minimum level of operating efficiency in an existing standard in order to reflect changes in test procedures that the standards

require manufacturers to use in certifying compliance, if the minimum level of operating efficiency remains substantially the same.

(D) Readopt a standard preempted, enjoined, or otherwise found legally defective by an administrative agency or a lower court, if final legal action determines that the standard is valid and if the standard that is readopted is not more stringent than the standard that was found to be defective or preempted.

(E) Adopt or amend any existing or new standard at any level of operating efficiency, if the Governor has declared an energy emergency pursuant to Section 8558 of the Government Code.

(5) Notwithstanding paragraph (4), the commission may adopt standards pursuant to commission order No. 84-0111-1, on or before June 30, 1985.

(d) Recommend minimum standards of efficiency for the operation of any new facility at a particular site that are technically and economically feasible. No site and related facility shall be certified pursuant to Chapter 6 (commencing with Section 25500), unless the applicant certifies that standards recommended by the commission have been considered, which certification shall include a statement specifying the extent to which conformance with the recommended standards will be achieved.

Whenever this section and Chapter 11.5 (commencing with Section 19878) of Part 3 of Division 13 of the Health and Safety Code are in conflict, the commission shall be governed by that chapter of the Health and Safety Code to the extent of the conflict.

(e) The commission shall do all of the following:

(1) Not later than January 1, 2004, amend any regulations in effect on January 1, 2003, pertaining to the energy efficiency standards for residential clothes washers to require that residential clothes washers manufactured on or after January 1, 2007, be at least as water efficient as commercial clothes washers.

(2) Not later than April 1, 2004, petition the federal Department of Energy for an exemption from any relevant federal regulations governing energy efficiency standards that are applicable to residential clothes washers.

(3) Not later than January 1, 2005, report to the Legislature on its progress with respect to the requirements of paragraphs (1) and (2).

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## CHAPTER 422

An act to amend Sections 13625, 13627, and 13630 of, and to add Sections 13625.1 and 13627.5 to, the Water Code, relating to wastewater treatment.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 13625 of the Water Code is amended to read: 13625. As used in this chapter unless the context otherwise requires, the following definitions apply:

(a) "Certificate" means a certificate of competency issued by the state board stating that the supervisor or operator has met the requirements for a specific classification in the certification program.

(b) "Wastewater treatment plant" means any of the following:

(1) Any facility owned by a state, local, or federal agency and used in the treatment or reclamation of sewage or industrial wastes.

(2) Any privately owned facility used in the treatment or reclamation of sewage or industrial wastes, and regulated by the Public Utilities Commission pursuant to Sections 216 and 230.6 of, and Chapter 4 (commencing with Section 701) of Part 1 of Division 1 of, the Public Utilities Code.

(3) Any privately owned facility used primarily in the treatment or reclamation of sewage for which the state board or a regional board has issued waste discharge requirements.

(c) "Operator" means any person who operates a wastewater treatment plant.

(d) "Supervisor" means any person who has direct responsibility for the operation of a wastewater treatment plant or who supervises any operators of a wastewater treatment plant.

SEC. 2. Section 13625.1 is added to the Water Code, to read:

13625.1. (a) The state board may exempt from the requirements of this chapter any facility that is classified as a Class 1 plant by the state board under Section 3675 of Title 23 of the California Code of Regulations, and the facility could not, due to operator error, violate water quality objectives.

(b) An exemption granted pursuant to this section is valid for four years, and may be renewed by the state board upon request.

(c) The state board may condition an exemption under this section, and the exemption may be terminated at any time by the board.

(d) The state board may charge a reasonable administrative fee for processing a facility's original or renewal application for exemption.



SEC. 3. Section 13627 of the Water Code is amended to read:

13627. (a) Supervisors and operators of those wastewater treatment plants described in paragraph (1) and (2) of subdivision (b) of Section 13625 shall possess a certificate of appropriate grade. Subject to the approval of regulations by the state board, supervisors and operators of those wastewater treatment plants described in paragraph (3) of subdivision (b) of Section 13625 shall possess certificates of the appropriate grade. All certificates shall be issued in accordance with, and to the extent recommended by the advisory committee and required by, regulations adopted by the state board. The state board shall develop and specify in its regulations the training necessary to qualify a supervisor or operator for certification for each type and class of plant. The state board may accept experience in lieu of qualification training. For supervisors and operators of water recycling treatment plants, the state board may approve use of a water treatment plant operator of appropriate grade certified by the State Department of Health Services pursuant to Article 3 (commencing with Section 106875) of Chapter 4 of Part 1 of Division 104 of the Health and Safety Code in lieu of a wastewater treatment plant operator certified by the state board, provided that the state board may refuse to approve use of an operator certified by the department or may suspend or revoke its approval of the use of an operator certified by the department if the operator commits any of the prohibited acts described in Article 7 of Chapter 26 of Division 3 of Title 23 of the California Code of Regulations.

(b) The regional water quality control board, with jurisdiction for issuing and ensuring compliance with applicable water reclamation or waste discharge requirements, shall notify the department in writing if, pursuant to an inspection conducted under Section 13267, the regional board makes a determination that there is reasonable grounds for not issuing, or for suspending or revoking, the certificate of a certified water treatment plant operator who is operating or supervising the operation of a water recycling treatment plant. The department shall make its determination regarding the issuance, suspension, or revocation of a certificate in accordance with Section 106876 of the Health and Safety Code.

(c) For purposes of this section, "water recycling treatment plant" means a treatment plant that receives and further treats secondary or tertiary effluent, or both, from a wastewater treatment plant.

(d) A person employed as a wastewater treatment plant supervisor or operator on the effective date of regulations adopted pursuant to this chapter shall be issued an appropriate certificate if the person meets the training, education, and experience requirements prescribed by regulations.



(e) The state board may refuse to grant, suspend, or revoke any certificate issued by the state board to operate a wastewater treatment plant, or may place on probation, or reprimand, the certificate holder upon any reasonable ground, including, but not limited to, all of the following reasons:

(1) Submitting false or misleading information on an application for a certificate.

(2) The employment of fraud or deception in the course of operating the wastewater treatment plant.

(3) A certificate holder's failure to use reasonable care or judgment in the operation of the plant.

(4) A certificate holder's inability to perform operating duties properly.

(5) Willfully or negligently violating, or causing, or allowing the violation of, waste discharge requirements or permits issued pursuant to the Federal Water Pollution Control Act (33 U.S.C. Sec. 1251 et seq.).

(f) The state board shall conduct all proceedings for the refusal to grant a certificate, and suspension or revocation of a certificate, pursuant to subdivision (c), in accordance with the rules adopted pursuant to Section 185.

SEC. 4. Section 13627.5 is added to the Water Code, to read:

13627.5. (a) Any operator employed at a wastewater treatment plant described in paragraph (3) of subdivision (b) of Section 13625 shall pass any written examination that may be administered by the state board. Upon passage of the examination, the operator shall be credited with one year of experience for purposes of operator certification.

(b) The state board may charge a reasonable fee for administering this section.

SEC. 5. Section 13630 of the Water Code is amended to read:

13630. The state board is the state agency which is authorized to represent the state and its local governmental agencies in administering any federal or state funds available for wastewater treatment plant operator training. The state board may provide technical and financial assistance to organizations providing operator training programs.

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.

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## CHAPTER 423

An act to amend Sections 42801.1, 42823, 42840, and 42841 of, and to add Section 42823.1 to, the Health and Safety Code, relating to air pollution.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 42801.1 of the Health and Safety Code is amended to read:

42801.1. For purposes of this chapter, the following terms have the following meanings:

(a) "Annual emissions results" means the participant's applicable data on the direct and indirect release of greenhouse gases in one particular year. In addition to annual emissions results a participant may report data annually on emission reductions from a project or other action, including the sequestration of stocks of carbon in forests.

(b) "Baseline" means a datum against which to measure greenhouse gas emissions performance over time, usually annual emissions in a selected base year. For the purposes of this subdivision, the baseline shall start on or after January 1, 1990.

(c) "Certification" means the determination of whether a given participant's greenhouse gas emissions inventory (either baseline or annual result) has met a minimum quality standard and complied with an appropriate set of registry-approved procedures and protocols for submitting emissions inventory information. The process for certification of emissions results will be specified within the procedures and protocols approved for industry-specific emissions inventory reporting, and may involve a range of options depending upon the nature of the emissions, complexity of a company's facilities and operations, or both, and the procedures deemed necessary by the registry board to validate a participant's emissions information.

(d) "De minimis emissions" means emissions that are below a certain threshold, when summed across all applicable sources of the participating entity. The State Energy Resources Conservation and Development Commission shall recommend to the registry for adoption a threshold emissions level for each type of greenhouse gas emission that shall be considered de minimus.

(e) "Emissions" means the release of greenhouse gases into the atmosphere.

(f) (1) "Emissions inventory" means an accounting of the amount of greenhouse gases discharged into the atmosphere. It is generally characterized by all of the following factors:

- (A) The chemical or physical identity of the pollutants included.
- (B) The geographic area covered.
- (C) The institutional entities covered.
- (D) The time period over which emissions are estimated.
- (E) The types of activities that cause emissions.

(2) An emissions inventory shall include sufficient documentation and supporting data to make transparent the underlying assumptions and calculations for all of the reported results.

(g) "Forest" means lands that support, or can support," at least 10 percent tree canopy cover and that allow for management of one or more forest resources including timber, fish and wildlife, biodiversity, water quality, recreation, aesthetics and other public benefits.

(h) "Greenhouse gases" include all of the following gases: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

(i) "Material" means any emission of greenhouse gas that is not de minimis.

(j) "Native" means forests classified in the 1988 edition, or its approved successor equivalent, of "A Guide to Wildlife Habitats of California," published by the Department of Fish and Game, and forests that are composed of the forest types within those classifications.

(k) "Natural forest management" means forest management practices that promote and maintain native forests comprised of multiple ages and mixed native species in the overstory and understory.

SEC. 2. Section 42823 of the Health and Safety Code is amended to read:

42823. The registry shall perform all of the following functions:

(a) Provide participants with referrals to approved providers for technical assistance and advice, upon the request of a participant, on any or all of the following:

(1) Designing programs to establish greenhouse gas emissions baselines and to monitor, estimate, calculate, report, and certify greenhouse gas emissions.

(2) Establishing emissions reduction goals based on international or federal best practices for specific industries and economic sectors.

(3) Designing and implementing organization-specific plans that improve energy efficiency or utilize renewable energy, or both, and that are capable of achieving emission reduction targets.

(4) Designing plans for the conservation and management of native forest reservoirs as a means to assist participants in attaining emission reduction goals and reporting annual emissions results.

(b) In coordination with the State Energy Resources Conservation and Development Commission, the registry shall adopt and periodically update a list of organizations recognized by the state as qualified to provide the detailed technical assistance and advice in subdivision (a) and assist participants in identifying and selecting providers that have expertise applicable to each participant's circumstances. The registry shall coordinate with the Department of Forestry and Fire Protection and the State Board of Forestry and Fire Protection to provide referrals to providers for purposes of paragraph (4) of subdivision (a).

(c) The registry shall adopt procedures and protocols for the reporting and certification of greenhouse gas emission reductions resulting from a project or an action of a participant. A participant shall report emission reductions as a separate item in its annual emissions results.

(d) In coordination with the Resources Agency and consistent with the data and information acquired and developed pursuant to subdivision (b) of Section 25730 of the Public Resources Code, the registry shall adopt procedures and protocols for the monitoring, estimating, calculating, reporting, and certifying of carbon stocks and carbon dioxide emissions resulting from the conservation and conservation-based management, including reforestation, of native forest reservoirs in California in order to permit participants to include the results of those activities as a participant's registered emissions results, or as a part thereof. Procedures and protocols shall require, at a minimum, that those forestry activities meet the following criteria in order to be reported as a participant's emissions results, or as a part thereof:

(1) Forestry activities that are reported as a participant's emissions results, or as a part thereof, shall be based on forest management practices within a defined project area that exceed applicable federal, state, and local land use laws and regulations, including, but not limited to, the Z'berg-Nejedly Forest Practice Act of 1973 (Chapter 8 (commencing with Section 4511) of Part 2 of Division 4 of the Public Resources Code). Applicable federal, state, and local land use laws and regulations shall be those in effect each time a participant registers a defined project area in the registry.

(2) Forestry activities that are reported as a participant's emissions results, or a part thereof, shall occur on forestland that is permanently dedicated to forest use through a restriction, granted in perpetuity, on the use that may be made of real property that is consistent with the conservation purposes listed in Section 170(h)(4)(A)(ii) and (iii) of Title 26 of the United States Code.

(3) Forestry activities reported as emissions results, or as a part thereof, shall reflect the amount of time that net carbon gains are stored.

(4) Forestry activities maintain and promote native forest types.

(5) If emissions results are derived from forest lands undergoing harvest and regeneration, those results are derived from natural forest management practices.

(e) Adopt procedures and protocols for certification of reported baseline emissions and emissions results. When adopting procedures and protocols for the certification, the registry shall consider the availability and suitability of simplified techniques and tools.

(f) Qualify third-party organizations that have the capability to certify reported baseline emissions and emissions results, and that are capable of certifying the participant-reported results as provided in this chapter.

(g) Adopt procedures and protocols, including a uniform format for reporting emissions baselines and emissions results to facilitate their recognition in any future regulatory regime.

(h) Maintain a record of all certified greenhouse gas emissions baselines and emissions results. Separate records shall be kept for direct and indirect emissions results. The public shall have access to this record, except for any portion of the data or information that is exempt from disclosure pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code).

(i) Encourage organizations from various sectors of the state's economy, and those from various geographic regions of the state, to report emissions, establish baselines and reduction targets, and implement efficiency improvement and renewable energy programs to achieve those targets.

(j) Recognize, publicize, and promote participants.

(k) In coordination with the State Energy Resources Conservation and Development Commission and the state board, adopt industry-specific reporting metrics at one or more public meetings.

(l) In consultation with the state board, adopt procedures and protocols for the reporting and certification of reductions in emissions of greenhouse gases, to the extent permitted by state and federal law, for those reductions achieved prior to the operative date of the regulations adopted pursuant to subdivision (a) of Section 43018.5.

SEC. 3. Section 42823.1 is added to the Health and Safety Code, to read:

42823.1. Procedures and protocols adopted pursuant to subdivision (d) of Section 42823 shall not be interpreted or construed as a condition for any lease, permit, license, certificate, or other entitlement for an ongoing use of forest land.

SEC. 4. Section 42840 of the Health and Safety Code is amended to read:

42840. (a) Participants shall utilize the following reporting procedures to establish a greenhouse gas emissions baseline,

participants shall report their certified emissions for the most recent year for which they have complete energy use and fuel consumption data as specified in this chapter. Participants that have complete energy use or fuel consumption data for earlier years that can be certified may establish their baseline as any year beginning on or after January 1, 1990. After establishing baseline emissions, participants shall report their certified emissions results in each subsequent year in order to show changes in emissions levels with respect to their baseline year. Participants may report annual emission results without establishing an emissions baseline. Participants shall also report using industry-specific metrics once the registry adopts an industry-specific metric for the industry in question.

(b) (1) Participants shall report direct emissions and indirect emissions separately. Direct emissions are those emissions from applicable sources that are under management control of a participating entity, including onsite combustion, fugitive noncombustion emissions, and vehicles owned and operated by the participant. Indirect emissions that are required to be reported by participants are those emissions embodied in net electricity and steam imports, including offsite steam generation and district heating and cooling. Participants are encouraged, but are not required, to report other indirect emissions based on guidance that is adopted by the registry.

(2) On or after January 1, 2004, the registry board, in coordination with the State Energy Resources Conservation and Development Commission, may revise the scope of indirect emission source types that are required to be reported by participants specified in paragraph (1) after a public workshop and review process conducted by the registry if all of the following requirements have been met.

(A) The State Energy Resources Conservation and Development Commission has approved that revision at a public hearing following a public workshop.

(B) Prior to approving that proposed revision, the commission determines all of the following:

(i) A reasonable and generally-accepted methodology exists that will enable participants to accurately estimate and report the emissions for the indirect source type in question.

(ii) The proposed revision will not create an unreasonable reporting burden on the participants.

(iii) The proposed revision is necessary to achieve the purposes listed in Section 42810.

(C) The registry, at any time it acts to revise the scope of indirect emission source types that are required to be reported by participants, establishes a timeframe for the phasein of the revised scope so that

participants shall have at least four months before the start of the next annual reporting cycle that incorporates the revised scope.

(3) In cases of joint ownership, emissions are reported by the managing entity, unless the owners decide to report emissions on a pro rata basis.

(4) Participants shall not be required to report emissions of any greenhouse gas that is de minimis in quantity, when summed up across all applicable sources of the participating entity. The State Energy Resources Conservation and Development Commission shall recommend to the registry a definition of de minimis emissions that reasonably accounts for differences in the size, activities, and sources of direct and indirect baseline emissions of participants, and is consistent with the goals and intent of subdivision (f) of Section 42801.

(c) (1) All participants shall report direct and indirect carbon dioxide (CO<sub>2</sub>) emissions that are material to their operations.

(2) The registry shall also encourage participants to monitor and report emissions of the following gases:

(A) Hydrofluorocarbons (HFCs).

(B) Methane (CH<sub>4</sub>).

(C) Nitrous Oxide (N<sub>2</sub>O).

(D) Perfluorocarbons (PFCs).

(E) Sulfur hexafluoride (SF<sub>6</sub>).

(3) The report of information specified in paragraph (2) is optional for three years after a participant joins the registry. After participating in the registry for a total of three years, participants shall report emissions required by both paragraphs (1) and (2).

(4) Emissions of all gases under this subdivision shall be reported in mass units.

(d) The basic unit of participation in the registry shall be an entity in its entirety such as a corporation or other legally constituted body, any city or county, and each state government agency. The registry shall not record emissions baselines and reductions for individual facilities or projects, except to the extent they are included in an entity's emissions reporting.

(1) Corporations may report emissions baselines and annual emissions results from subsidiaries if the parent corporation is clearly defined.

(2) Participants shall report emissions results from all of their applicable sources in the state when they initially register.

(3) Participants may, and are encouraged to, at any time, register emissions from all applicable sources based in the United States, so long as this reporting meets all the other requirements established by this chapter. Those participants with emissions in other states that report California emissions only may not be able to receive equal consideration



for their emissions records in future national or international regulatory regimes relating to greenhouse gas emissions. In addition, participants with operations outside of the United States are encouraged to register their total worldwide emissions baselines and annual emissions results. Within three years, the registry shall review and report to the Legislature with a recommendation on whether the registry should require, rather than encourage, participants to report all of their greenhouse gas emissions in the United States, not just California emissions.

(4) To ensure that reported emissions reflect actual emissions, participants that outsource production or services shall report emissions associated with the outsourced activity, and remove these emissions from their emissions baseline. The subcontracted entity, if it voluntarily chooses to participate in the registry shall report emissions associated with the outsourced activities it has taken over. Participants shall attest at least once each year that the entity has not outsourced any emissions, or that if it has, that all emissions associated with the outsourced activity have been reported and subtracted from the entity's baseline emissions.

(5) To prevent changes in vertical integration within corporations from leading to apparent emissions reductions when in fact no reductions have occurred, the registry shall treat mergers, acquisitions, and divestitures as follows:

(A) The emissions baselines of any merged or acquired entity shall be added together, and the registry shall treat the resulting entity as if it had been one corporation from the beginning.

(B) In divestitures, the emissions baselines of the affected corporations shall be split, with the effect that the registry shall treat them as if they had been separate corporations from the beginning. If the divested corporation is purchased by another firm, the registry shall treat that purchase as a merger with the purchasing corporation. If the divested corporation remains a separate entity after the divestiture, its registry baseline shall reflect the emissions associated with the entity's operations before the divestiture. Corporations that divest operations may allocate certified emissions results achieved prior to the divestiture among the divesting and the divested entities, and the registry shall adjust their baselines accordingly.

(C) Any adjustments for changes in vertical integration shall be verified in the annual emissions certifications required for recordation of emissions results.

(6) If a participant changes from statewide to national reporting under this program, changes to its baseline will be treated in a similar manner as changes in vertical integration as described in paragraph (5).

(7) To ensure that reported emissions accurately reflect shifts in operations to or from other states, the registry shall adopt, in consultation with the State Energy Resources Conservation and Development



Commission, at a public meeting and following at least one public workshop, reporting procedures for participants that choose to report greenhouse emissions on a statewide basis that require participants to show both of the following:

(A) Changes in a participant's operations, such as a facility startup or shutdown, that result in a significant and long-term shift of greenhouse gas emissions from California to other states or from other states to California.

(B) The corresponding change in the participant's baseline.

SEC. 5. Section 42841 of the Health and Safety Code is amended to read:

42841. (a) To support the estimation, calculation, reporting, and certification of emissions results in a consistent format, the registry shall adopt standardized forms that all participants shall use to calculate, report, and certify emissions results, unless an alternative format is (1) reviewed and recommended by the State Energy Resources Conservation and Development Commission and the State Air Resources Board, and (2) adopted by the registry, and deemed to be consistent with the goals and intent of this chapter. In cooperation with the State Energy Resources Conservation and Development Commission, the registry shall review commonly available emissions tracking software to determine whether existing software packages are able to generate reports for the registry.

(b) The procedures established for all of the following shall conform to the requirements of Article 6 (commencing with Section 42870):

(1) Establishing electricity and fuel usage and for calculating associated emissions.

(2) Mass-balance calculations, stack testing, or continuous emissions monitoring of greenhouse gases from onsite fuel combustion are all acceptable ways of reporting greenhouse gases from onsite fuel combustion.

(3) Estimating, calculating, reporting, and certifying noncombustion emissions of the gases listed in paragraphs (1) and (2) of subdivision (c) of Section 42840.

(4) Collecting and maintaining data and records of energy, fuel, and chemical consumption sufficient to allow contemporaneous and ex post certification of direct and indirect emissions.

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## CHAPTER 424

An act to amend Section 65048 of the Government Code, relating to state planning.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 65048 of the Government Code is amended to read:

65048. (a) The State Environmental Goals and Policy Report shall be revised and updated and shall be transmitted by the Governor to the Legislature every four years. The Governor may, at any time, inform and seek advice of the Legislature on proposed changes in state environmental goals, objectives, and policies.

(b) The Office of Planning and Research shall report to the Governor and the Legislature annually on or before January 1 regarding the implementation of the State Environmental Goals and Policy Report. The office shall give priority to the preparation of this report, but shall fund the report only out of its existing resources.

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## CHAPTER 425

An act to amend Section 116275 of, and to add Section 116293 to, the Health and Safety Code, relating to drinking water.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 116275 of the Health and Safety Code is amended to read:

116275. As used in this chapter:

(a) "Contaminant" means any physical, chemical, biological, or radiological substance or matter in water.

(b) "Department" means the State Department of Health Services.

(c) "Primary drinking water standards" means:

(1) Maximum levels of contaminants that, in the judgment of the department, may have an adverse effect on the health of persons.

(2) Specific treatment techniques adopted by the department in lieu of maximum contaminant levels pursuant to subdivision (j) of Section 116365.

(3) The monitoring and reporting requirements as specified in regulations adopted by the department that pertain to maximum contaminant levels.

(d) “Secondary drinking water standards” means standards that specify maximum contaminant levels that, in the judgment of the department, are necessary to protect the public welfare. Secondary drinking water standards may apply to any contaminant in drinking water that may adversely affect the odor or appearance of the water and may cause a substantial number of persons served by the public water system to discontinue its use, or that may otherwise adversely affect the public welfare. Regulations establishing secondary drinking water standards may vary according to geographic and other circumstances and may apply to any contaminant in drinking water that adversely affects the taste, odor, or appearance of the water when the standards are necessary to assure a supply of pure, wholesome, and potable water.

(e) “Human consumption” means the use of water for drinking, bathing or showering, hand washing, or oral hygiene.

(f) “Maximum contaminant level” means the maximum permissible level of a contaminant in water.

(g) “Person” means an individual, corporation, company, association, partnership, limited liability company, municipality, public utility, or other public body or institution.

(h) “Public water system” means a system for the provision of water for human consumption through pipes or other constructed conveyances that has 15 or more service connections or regularly serves at least 25 individuals daily at least 60 days out of the year. A public water system includes the following:

(1) Any collection, treatment, storage, and distribution facilities under control of the operator of the system which are used primarily in connection with the system.

(2) Any collection or pretreatment storage facilities not under the control of the operator that are used primarily in connection with the system.

(3) Any water system that treats water on behalf of one or more public water systems for the purpose of rendering it safe for human consumption.

(i) “Community water system” means a public water system that serves at least 15 service connections used by yearlong residents or regularly serves at least 25 yearlong residents of the area served by the system.

(j) “Noncommunity water system” means a public water system that is not a community water system.

(k) “Nontransient noncommunity water system” means a public water system that is not a community water system and that regularly serves at least 25 of the same persons over 6 months per year.

(l) “Local health officer” means a local health officer appointed pursuant to Section 101000 or a local comprehensive health agency

designated by the board of supervisors pursuant to Section 101275 to carry out the drinking water program.

(m) "Significant rise in the bacterial count of water" means a rise in the bacterial count of water that the department determines, by regulation, represents an immediate danger to the health of water users.

(n) "State small water system" means a system for the provision of piped water to the public for human consumption that serves at least five, but not more than 14, service connections and does not regularly serve drinking water to more than an average of 25 individuals daily for more than 60 days out of the year.

(o) "Transient noncommunity water system" means a noncommunity water system that does not regularly serve at least 25 of the same persons over six months per year.

(p) "User" means any person using water for domestic purposes. User does not include any person processing, selling, or serving water or operating a public water system.

(q) "Waterworks standards" means regulations adopted by the department that take cognizance of the latest available "Standards of Minimum Requirements for Safe Practice in the Production and Delivery of Water for Domestic Use" adopted by the California section of the American Water Works Association.

(r) "Local primacy agency" means any local health officer that has applied for and received primacy delegation from the department pursuant to Section 116330.

(s) "Service connection" means the point of connection between the customer's piping or constructed conveyance, and the water system's meter, service pipe, or constructed conveyance. A connection to a system that delivers water by a constructed conveyance other than a pipe shall not be considered a connection in determining if the system is a public water system if any of the following apply:

(1) The water is used exclusively for purposes other than residential uses, consisting of drinking, bathing, and cooking or other similar uses.

(2) The department determines that alternative water to achieve the equivalent level of public health protection provided by the applicable primary drinking water regulation is provided for residential or similar uses for drinking and cooking.

(3) The department determines that the water provided for residential or similar uses for drinking, cooking, and bathing is centrally treated or treated at the point of entry by the provider, a passthrough entity, or the user to achieve the equivalent level of protection provided by the applicable primary drinking water regulations.

(t) "Resident" means a person who physically occupies, whether by ownership, rental, lease or other means, the same dwelling for at least 60 days of the year.

(u) “Water treatment operator” means a person who has met the requirements for a specific water treatment operator grade pursuant to Section 106875.

(v) “Water treatment operator-in-training” means a person who has applied for and passed the written examination given by the department but does not yet meet the experience requirements for a specific water treatment operator grade pursuant to Section 106875.

(w) “Water distribution operator” means a person who has met the requirements for a specific water distribution operator grade pursuant to Section 106875.

(x) “Water treatment plant” means a group or assemblage of structures, equipment, and processes that treat, blend, or condition the water supply of a public water system for the purpose of meeting primary drinking water standards.

(y) “Water distribution system” means any combination of pipes, tanks, pumps, and other physical features that deliver water from the source or water treatment plant to the consumer.

(z) “Public health goal” means a goal established by the Office of Environmental Health Hazard Assessment pursuant to subdivision (c) of Section 116365.

SEC. 2. Section 116293 is added to the Health and Safety Code, to read:

116293. (a) On January 1, 2003, the Office of Environmental Health Hazard Assessment shall perform a risk assessment and, based upon that risk assessment, shall adopt a public health goal based exclusively on public health consideration for perchlorate using the criteria set forth in subdivision (c) of Section 116365.

(b) On or before January 1, 2004, the department shall adopt a primary drinking water standard for perchlorate found in public water systems in California in a manner that is consistent with this chapter.

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## CHAPTER 426

An act to amend Section 48 of the Fairfield-Suisun Sewer District Act (Chapter 303 of the Statutes of 1951), relating to the Fairfield-Suisun Sewer District.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 48 of the Fairfield-Suisun Sewer District Act (Chapter 303, Statutes of 1951) is amended to read:

Sec. 48. (a) Except as otherwise provided in subdivisions (b) and (c), the district may not accept or contract for the disposal of any sewage emanating from outside the district except sewage from public buildings or buildings of a public utility subject to regulation by the Public Utilities Commission.

(b) The district may accept and contract for the disposal of sewage emanating from buildings outside the district if those buildings are connected to the district's sewage treatment system on March 1, 2002.

(c) Pursuant to Section 56133 of the Government Code, the district may contract with Solano County or another public entity for the disposal of sewage emanating from buildings outside the district if the board of the district determines that the contract furthers the protection of public health and safety and is in the best interests of the district.

(d) Every user that is connected to the district's sewage treatment system is subject to the district's ordinances, resolutions, and other laws.

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.

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## CHAPTER 427

An act to amend Sections 5914, 5917, 5919, 5920, 5921, 5923, and 5924 of the Corporations Code, relating to health facilities.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 5914 of the Corporations Code is amended to read:

5914. (a) (1) Any nonprofit corporation that is defined in Section 5046 and operates or controls a health facility, as defined in Section 1250 of the Health and Safety Code, or operates or controls a facility that

provides similar health care, shall be required to provide written notice to, and to obtain the written consent of, the Attorney General prior to entering into any agreement or transaction to do either of the following:

(A) Sell, transfer, lease, exchange, option, convey, or otherwise dispose of, its assets to a for-profit corporation or entity or to a mutual benefit corporation or entity when a material amount of the assets of the nonprofit corporation are involved in the agreement or transaction.

(B) Transfer control, responsibility, or governance of a material amount of the assets or operations of the nonprofit corporation to any for-profit corporation or entity or to any mutual benefit corporation or entity.

(2) The substitution of a new corporate member or members that transfers the control of, responsibility for, or governance of the nonprofit corporation shall be deemed a transfer for purposes of this article. The substitution of one or more members of the governing body, or any arrangement, written or oral, that would transfer voting control of the members of the governing body, shall also be deemed a transfer for purposes of this article.

(b) The notice to the Attorney General provided for in this section shall include and contain the information the Attorney General determines is required. The notice, including any other information provided to the Attorney General under this article, and that is in the public file, shall be made available by the Attorney General to the public in written form, as soon as is practicable after it is received by the Attorney General.

(c) This section shall not apply to a nonprofit corporation if the agreement or transaction is in the usual and regular course of its activities or if the Attorney General has given the corporation a written waiver of this section as to the proposed agreement or transaction.

(d) This section shall apply to any foreign nonprofit corporation that operates or controls a health facility, as defined in Section 1250 of the Health and Safety Code, or a facility that provides similar health care.

SEC. 2. Section 5917 of the Corporations Code is amended to read:

5917. The Attorney General shall have discretion to consent to, give conditional consent to, or not consent to any agreement or transaction described in subdivision (a) of Section 5914. In making the determination, the Attorney General shall consider any factors that the Attorney General deems relevant, including, but not limited to, whether any of the following apply:

(a) The terms and conditions of the agreement or transaction are fair and reasonable to the nonprofit corporation.

(b) The agreement or transaction will result in inurement to any private person or entity.

(c) Any agreement or transaction that is subject to this article is at fair market value. In this regard, "fair market value" means the most likely price that the assets being sold would bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and in their own best interest, and a reasonable time being allowed for exposure in the open market.

(d) The market value has been manipulated by the actions of the parties in a manner that causes the value of the assets to decrease.

(e) The proposed use of the proceeds from the agreement or transaction is consistent with the charitable trust on which the assets are held by the health facility or by the affiliated nonprofit health system.

(f) The agreement or transaction involves or constitutes any breach of trust.

(g) The Attorney General has been provided, pursuant to Section 5250, with sufficient information and data by the nonprofit corporation to evaluate adequately the agreement or transaction or the effects thereof on the public.

(h) The agreement or transaction may create a significant effect on the availability or accessibility of health care services to the affected community.

(i) The proposed agreement or transaction is in the public interest.

SEC. 3. Section 5919 of the Corporations Code is amended to read:

5919. (a) Within the time periods designated in Section 5915 and relating to those factors specified in Section 5917, the Attorney General may do the following:

(1) Contract with, consult, and receive advice from any state agency on those terms and conditions that the Attorney General deems appropriate.

(2) In his or her sole discretion, contract with experts or consultants to assist in reviewing the proposed agreement or transaction.

(b) Contract costs shall not exceed an amount that is reasonable and necessary to conduct the review and evaluation. Any contract entered into under this section shall be on a noncompetitive bid basis and shall be exempt from Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code. The nonprofit corporation, upon request, shall pay the Attorney General promptly for all contract costs.

(c) The Attorney General shall be entitled to reimbursement from the nonprofit corporation for all actual, reasonable, direct costs incurred in reviewing, evaluating, and making the determination referred to in this article, including administrative costs. The nonprofit corporation shall promptly pay the Attorney General, upon request, for all of those costs.

(d) (1) In order to monitor effectively ongoing compliance with the terms and conditions of any sale or transfer of assets subject to Section



5914, including, but not limited to, the ongoing use of the charitable assets in a manner consistent with the trust pursuant to which they are held, the Attorney General may, in his or her sole discretion, contract with experts and consultants to assist in this regard.

(2) Contract costs shall not exceed an amount that is reasonable and necessary to conduct the review and evaluation. Any contract entered into under this section shall be on a noncompetitive bid basis and shall be exempt from Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code. The nonprofit corporation shall pay the Attorney General promptly for all contract costs.

(3) The Attorney General shall be entitled to reimbursement from either the selling or the acquiring corporation, depending upon which one the burden of compliance falls, for all actual, reasonable, and direct costs incurred in monitoring ongoing compliance with the terms and conditions of the sale or transfer of assets, including contract and administrative costs. The Attorney General may bill either the selling or the acquiring corporation and the corporation billed by the Attorney General shall promptly pay for all of those costs.

SEC. 4. Section 5920 of the Corporations Code is amended to read:

5920. (a) (1) Any nonprofit corporation that is defined in Section 5046 and operates or controls a health care facility, as defined in Section 1250 of the Health and Safety Code, or operates or controls a facility that provides similar health care, shall be required to provide written notice to, and to obtain the written consent of, the Attorney General prior to entering into any agreement or transaction to do either of the following:

(A) Sell, transfer, lease, exchange, option, convey, or otherwise dispose of, its assets to another nonprofit corporation or entity when a material amount of the assets of the nonprofit corporation are involved in the agreement or transaction.

(B) Transfer control, responsibility, or governance of a material amount of the assets or operations of the nonprofit corporation to another nonprofit corporation or entity.

(2) The substitution of a new corporate member or members that transfers the control of, responsibility for, or governance of the nonprofit corporation, the substitution of one or more members of the governing body that would transfer voting control of the members of the governing body, or any arrangement, written or oral, that would transfer voting control of the entity shall be deemed a transfer for purposes of this article.

(b) The notice to the Attorney General provided for in this section shall contain the information the Attorney General determines is required. The notice, including any other information provided to the Attorney General under this article, and that is the public file, shall be made available by the Attorney General to the public in written form, as soon as is practicable after it is received by the Attorney General.

(c) This section shall not apply to a nonprofit corporation if the agreement or transaction is in the usual and regular course of its activities or if the Attorney General has given the corporation a written waiver of this section as to the proposed agreement or transaction.

(d) This section shall apply to any foreign nonprofit corporation that operates or controls a health facility, as defined in Section 1250 of the Health and Safety Code, or a facility that provides similar health care.

(e) This section shall not apply to an agreement or transaction if the other party to the agreement or transaction is an affiliate, as defined in Section 5031, of the transferring nonprofit corporation or entity, and the corporation or entity has given the Attorney General 20 days advance notice of the agreement or transaction.

SEC. 5. Section 5921 of the Corporations Code is amended to read: 5921. Within 60 days of the receipt of the written notice required by Section 5920, the Attorney General shall notify the nonprofit corporation in writing of the decision to consent to, give conditional consent to, or not consent to the agreement or transaction. The Attorney General may extend this period for one additional 45-day period if any of the following conditions are satisfied:

(a) The extension is necessary to obtain relevant information from any state agency, experts, or consultants.

(b) The proposed agreement or transaction is substantially modified after the first public meeting conducted by the Attorney General in accordance with Section 5922.

(c) The proposed agreement or transaction involves a multifacility health system serving multiple communities, rather than a single facility.

SEC. 6. Section 5923 of the Corporations Code is amended to read: 5923. The Attorney General shall have discretion to consent to, give conditional consent to, or not consent to any agreement or transaction described in subdivision (a) of Section 5920. In making the determination, the Attorney General shall consider any factors that the Attorney General deems relevant, including, but not limited to, whether any of the following apply:

(a) The terms and conditions of the agreement or transaction are fair and reasonable to the nonprofit corporation.

(b) The agreement or transaction will result in inurement to any private person or entity.

(c) Fair market value of the agreement or transaction, meaning the most likely price that the assets being sold would bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably, and in their own best interest, and a reasonable time being allowed for exposure in the open market.

(d) The market value has been manipulated by the actions of the parties in a manner that causes the value of the assets to decrease.

(e) The proposed use of the proceeds from the agreement or transaction is consistent with the charitable trust on which the assets are held by the health facility or by the affiliated nonprofit health system.

(f) The agreement or transaction involves or constitutes any breach of trust.

(g) The Attorney General has been provided, pursuant to Section 5250, with sufficient information and data by the nonprofit public benefit corporation to evaluate adequately the agreement or transaction or the effects thereof on the public.

(h) The agreement or transaction may create a significant effect on the availability or accessibility of health care services to the affected community.

(i) The proposed agreement or transaction is in the public interest.

SEC. 7. Section 5924 of the Corporations Code is amended to read: 5924. (a) Within the time periods designated in Section 5921 and relating to those factors specified in Section 5923, the Attorney General may do the following:

(1) Contract with, consult, and receive advice from any state agency on those terms and conditions that the Attorney General deems appropriate.

(2) In his or her sole discretion, contract with experts or consultants to assist in reviewing the proposed agreement or transaction.

(b) Contract costs shall not exceed an amount that is reasonable and necessary to conduct the review and evaluation. Any contract entered into under this section shall be on a noncompetitive bid basis and shall be exempt from Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code. The selling nonprofit corporation, upon request, shall pay the Attorney General promptly for all contract costs.

(c) The Attorney General shall be entitled to reimbursement from the selling nonprofit corporation for all actual, reasonable, direct costs incurred in reviewing, evaluating, and making the determination referred to in Section 5921, including administrative costs. The selling nonprofit corporation shall promptly pay the Attorney General, upon request, for all of those costs.

(d) (1) In order to effectively monitor ongoing compliance with the terms and conditions of any sale or transfer of assets subject to Section 5920, including, but not limited to, the ongoing use of the charitable assets in a manner consistent with the trust pursuant to which they are held, the Attorney General may, in his or her sole discretion, contract with experts and consultants to assist in this regard.

(2) Contract costs shall not exceed an amount that is reasonable and necessary to conduct the review and evaluation. Any contract entered into under this section shall be on a noncompetitive bid basis and shall be exempt from Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code. The selling nonprofit corporation shall pay the Attorney General promptly for all contract costs.

(3) The Attorney General shall be entitled to reimbursement from either the selling or the acquiring nonprofit corporation, depending upon which one the burden of compliance falls, for all actual, reasonable, and direct costs incurred in monitoring ongoing compliance with the terms and conditions of the sale or transfer of assets, including contract and administrative costs. The Attorney General shall be entitled to this reimbursement for a period of time not to exceed two years after any time period specified in the terms or conditions of sale or transfer of assets. The Attorney General may bill either the selling or the acquiring corporation and the corporation billed by the Attorney General shall promptly pay for all of those costs.

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## CHAPTER 428

An act to add Section 1504.5 to the Health and Safety Code, relating to health.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 1504.5 is added to the Health and Safety Code, to read:

1504.5. (a) (1) This chapter does not apply to any independent living arrangement or supportive housing, described in paragraph (2) of subdivision (c), for individuals with disabilities who are receiving community living support services, as described in paragraph (1) of subdivision (c).

(2) This section does not affect the provisions of Section 1503.5 or 1505.

(3) Community living support services described in paragraph (1) of subdivision (c) do not constitute care or supervision.

(b) (1) The Legislature finds and declares that there is an urgent need to increase the access to supportive housing, as described in paragraph (2) of subdivision (c), and to foster community living support services,

as described in paragraph (1) of subdivision (c), as an effective and cost-efficient method of serving persons with disabilities who wish to live independently.

(2) It is the intent of the Legislature that persons with disabilities be permitted to do both of the following:

(A) Receive one or more community living support services in the least restrictive setting possible, such as in a person's private home or supportive housing residence.

(B) Voluntarily choose to receive support services in obtaining and maintaining supportive housing.

(3) It is the intent of the Legislature that community living support services, as described in paragraph (1) of subdivision (c), enable persons with disabilities to live more independently in the community for long periods of time.

(c) (1) "Community living support services," for purposes of this section, are voluntary and chosen by persons with disabilities in accordance with their preferences and goals for independent living. "Community living support services" may include, but are not limited to, any of the following:

(A) Supports that are designed to develop and improve independent living and problemsolving skills.

(B) Education and training in meal planning and shopping, budgeting and managing finances, medication self-management, transportation, vocational and educational development, and the appropriate use of community resources and leisure activities.

(C) Assistance with arrangements to meet the individual's basic needs such as financial benefits, food, clothing, household goods, and housing, and locating and scheduling for appropriate medical, dental, and vision benefits and care.

(2) "Supportive housing," for purposes of this section, is rental housing that has all of the following characteristics:

(A) It is affordable to people with disabilities.

(B) It is independent housing in which each tenant meets all of the following conditions:

(i) Holds a lease or rental agreement in his or her own name and is responsible for paying his or her own rent.

(ii) Has his or her own room or apartment and is individually responsible for arranging any shared tenancy.

(C) It is permanent, wherein each tenant may stay as long as he or she pays his or her share of rent and complies with the terms of his or her lease.

(D) It is tenancy housing under which supportive housing providers are required to comply with applicable state and federal laws governing the landlord-tenant relationship.

(E) Participation in services or any particular type of service is not required as a condition of tenancy.

(d) Counties may contract with agencies or individuals to assist persons with disabilities in securing their own homes and to provide persons with disabilities with the supports needed to live in their own homes, including supportive housing.

(e) For purposes of this section and notwithstanding any other provision of law, an individual with disabilities may contract for the provision of any of the community support services specified in paragraph (1) of subdivision (c) in the individual's own home including supportive housing, as part of that individual's service, care, or independent living plan, only through a government funded program or a private health or disability insurance plan.

(f) An individual's receipt of community living support services as defined in paragraph (1) of subdivision (c) shall not be construed to mean that the individual requires care or supervision or is receiving care or supervision.

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## CHAPTER 429

An act to amend Sections 12640.02 and 12640.07 of the Insurance Code, relating to insurance.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 12640.02 of the Insurance Code is amended to read:

12640.02. The definitions set forth in this article shall govern the construction of the terms used in this chapter but shall not affect any other provisions of this code.

(a) "Mortgage guaranty insurance" means:

(1) Insurance against financial loss by reason of nonpayment of principal, interest, and other sums agreed to be paid under the terms of any note or bond or other evidence of indebtedness secured by a mortgage, deed of trust, or other instrument constituting a first lien or charge on real estate, provided the improvement on the real estate is a residential building or a condominium unit or buildings designed for occupancy by not more than four families.

(2) Insurance against financial loss by reason of nonpayment of principal, interest, and other sums agreed to be paid under the terms of

any note or bond or other evidence of indebtedness secured by a mortgage, deed of trust, or other instrument constituting a junior lien or charge on real estate, provided the improvement on the real estate is a residential building or a condominium unit or building designed for occupancy by not more than four families.

(3) Insurance against financial loss by reason of nonpayment of principal, interest and other sums agreed to be paid under the terms of any note or bond or other evidence of indebtedness secured by a mortgage, deed of trust, or other instrument constituting a lien or charge on real estate, provided the improvement on the real estate is a building or buildings designed for occupancy by five or more families or designed to be occupied for industrial or commercial purposes.

(4) Insurance against financial loss by reason of nonpayment of rent and other sums agreed to be paid under the terms of a written lease for the possession, use or occupancy of real estate, provided the improvement on the real estate is a building or buildings designed to be occupied for industrial or commercial purposes.

(b) (1) "Authorized real estate security" for the purposes of this chapter means either (A) real estate, plus the balance of any pledged cash account, pledged borrower retirement account, or collateralized guaranty agreement contracted for by parents, blood relatives, employers, or nonprofit corporations for the benefit of the borrower; or (B) real estate securing a note, bond, or other evidence of indebtedness by a junior mortgage, deed of trust, or other instrument constituting a junior lien or charge on the real estate, which, when combined with all existing mortgage loan amounts, does not exceed a total indebtedness equal to 103 percent of the fair market value of the real estate at the time the junior loan is made, provided that, in determining the foregoing 103 percent limitation, if the loan securing the junior lien is an equity line of credit loan, the full amount of the line of credit to be secured by the junior lien shall be considered the amount of the loan, and further provided, in all cases that both of the following are true:

(i) The real estate loan secured in this manner is any type of loan which a bank, savings and loan association, mortgage banker, credit union, mortgage loan broker, or an insurance company, which is supervised and regulated by a department of this state or an agency of the federal government, is authorized to make or arrange, or would be authorized to make or arrange, disregarding any requirement applicable to an institution that the amount of the loan not exceed a certain percentage of the value of the real estate.

(ii) The improvement on the real estate is a building or buildings designed for occupancy as specified by paragraphs (1), (2), and (3) of subdivision (a).



(C) The lien on the real estate may be subject and subordinate to the following:

(i) The lien of any public bond, assessment, or tax, when no installment, call, or payment of or under the bond, assessment, or tax is delinquent.

(ii) Outstanding mineral, oil or timber rights, rights-of-way, easements or rights-of-way or support, sewer rights, building restrictions or other restrictions or covenants, conditions or regulations of use, or outstanding leases upon the real property under which rents or profits are reserved to the owner thereof.

(2) "Authorized real estate security" also means a stock or membership certificate issued to a tenant-stockholder or resident-member by a completed fee simple cooperative housing corporation, as defined in Section 17265 of the Revenue and Taxation Code and Section 216 of the United States Internal Revenue Code.

(c) "Contingency reserve" means an additional premium reserve established for the protection of policyholders against the effect of adverse economic cycles.

(d) "Policyholders surplus" means the aggregate of capital, surplus and contingency reserve.

SEC. 2. Section 12640.07 of the Insurance Code is amended to read:

12640.07. (a) Mortgage guaranty insurance may be transacted in this state only by a stock or mutual casualty insurer holding a certificate of authority for the transaction of the insurance pursuant to this chapter, and shall be written only to insure either of the following:

(1) Loans secured by first liens on authorized real estate securities not exceeding, at the time the loan is made, 103 percent of the fair market value of the authorized real estate security, as defined in subparagraph (A) of paragraph (1) of subdivision (b) of Section 12640.02.

(2) Loans secured by junior liens, as defined in subparagraph (B) of paragraph (1) of subdivision (b) of Section 12640.02.

(b) Any reciprocal insurer engaging in this type of business shall be bound by all provisions of this chapter, including the requirements as to paid-in capital and paid-in surplus.

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## CHAPTER 430

An act to amend Sections 1797.98c and 1797.98e of the Health and Safety Code, relating to health services funding.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]



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

SECTION 1. Section 1797.98c of the Health and Safety Code is amended to read:

1797.98c. (a) Physicians and surgeons wishing to be reimbursed shall submit their losses incurred as a result of patients who do not make any payment for services and for whom no responsible third party makes any payment. No physicians and surgeons shall be reimbursed in an amount greater than 50 percent of those losses.

(b) If, after receiving payment from the fund, a physician and surgeon is reimbursed by a patient or a responsible third party, the physician and surgeon shall do one of the following:

(1) Notify the administering agency, and, after notification, the administering agency shall reduce the physician and surgeon's future payment of claims from the fund. In the event there is not a subsequent submission of a claim for reimbursement within one year, the physician and surgeon shall reimburse the fund in an amount equal to the amount collected from the patient or third-party payer, but not more than the amount of reimbursement received from the fund.

(2) Notify the administering agency of the payment and reimburse the fund in an amount equal to the amount collected from the patient or third-party payer, but not more than the amount of the reimbursement received from the fund for that patient's care.

(c) Reimbursement for losses incurred by any physician and surgeon shall be limited to services provided to a patient who cannot afford to pay for those services, and for whom payment will not be made through any private coverage or by any program funded in whole or in part by the federal government, and where all of the following conditions have been met:

(1) The physician and surgeon has inquired if there is a responsible third-party source of payment.

(2) The physician and surgeon has billed for payment of services.

(3) Either of the following:

(A) At least three months have passed from the date the physician and surgeon billed the patient or responsible third party, during which time the physician and surgeon has made two attempts to obtain reimbursement and has not received reimbursement for any portion of the amount billed.

(B) The physician and surgeon has received actual notification from the patient or responsible third party that no payment will be made for the services rendered by the physician and surgeon.

(4) The physician and surgeon has stopped any current, and waives any future, collection efforts to obtain reimbursement from the patient, upon receipt of funds from the fund.

(d) A listing of patient names shall accompany a physician and surgeon's submission, and those names shall be given full confidentiality protections by the administering agency.

(e) Notwithstanding any other restriction on reimbursement, a county shall adopt a fee schedule and reimbursement methodology to establish a uniform reasonable level of reimbursement from the county's emergency medical services fund for reimbursable services.

(f) For the purposes of submission and reimbursement of physician and surgeon claims, the administering agency shall adopt and use the current version of the Physicians' Current Procedural Terminology, published by the American Medical Association, or a similar procedural terminology reference.

(g) Each administering agency of a fund under this chapter shall make all reasonable efforts to notify physicians and surgeons who provide, or are likely to provide, emergency services in the county as to the availability of the fund and the process by which to submit a claim against the fund. The administering agency may satisfy this requirement by sending materials that provide information about the fund and the process to submit a claim against the fund to local medical societies, hospitals, emergency rooms, or other organizations, including materials that are prepared to be posted in visible locations.

SEC. 2. Section 1797.98e of the Health and Safety Code is amended to read:

1797.98e. (a) It is the intent of the Legislature that a simplified, cost-efficient system of administration of this chapter be developed so that the maximum amount of funds may be utilized to reimburse physicians and surgeons and for other emergency medical services purposes. The administering agency shall select an administering officer and shall establish procedures and time schedules for the submission and processing of proposed reimbursement requests submitted by physicians and surgeons. The schedule shall provide for disbursements of moneys in the Emergency Medical Services Fund on at least a quarterly basis to applicants who have submitted accurate and complete data for payment. When the administering agency determines that claims for payment for physician and surgeon services are of sufficient numbers and amounts that, if paid, the claims would exceed the total amount of funds available for payment, the administering agency shall fairly prorate, without preference, payments to each claimant at a level less than the maximum payment level. Each administering agency may encumber sufficient funds during one fiscal year to reimburse claimants for losses incurred during that fiscal year for which claims will not be received until after the fiscal year. The administering agency may, as necessary, request records and documentation to support the amounts of reimbursement requested by physicians and surgeons and the

administering agency may review and audit the records for accuracy. Reimbursements requested and reimbursements made that are not supported by records may be denied to, and recouped from, physicians and surgeons. Physicians and surgeons found to submit requests for reimbursement that are inaccurate or unsupported by records may be excluded from submitting future requests for reimbursement. The administering officer shall not give preferential treatment to any facility, physician and surgeon, or category of physician and surgeon and shall not engage in practices that constitute a conflict of interest by favoring a facility or physician and surgeon with which the administering officer has an operational or financial relationship. A hospital administrator of a hospital owned or operated by a county of a population of 250,000 or more as of January 1, 1991, or a person under the direct supervision of that person, shall not be the administering officer. The board of supervisors of a county or any other county agency may serve as the administering officer.

(b) Each provider of health services that receives payment under this chapter shall keep and maintain records of the services rendered, the person to whom rendered, the date, and any additional information the administering agency may, by regulation, require, for a period of three years from the date the service was provided. The administering agency shall not require any additional information from a physician and surgeon providing emergency medical services that is not available in the patient record maintained by the entity listed in subdivision (f) where the medical services are provided, nor shall the administering agency require a physician and surgeon to make eligibility determinations.

(c) During normal working hours, the administering agency may make any inspection and examination of a hospital's or physician and surgeon's books and records needed to carry out the provisions of this chapter. A provider who has knowingly submitted a false request for reimbursement shall be guilty of civil fraud.

(d) Nothing in this chapter shall prevent a physician and surgeon from utilizing an agent who furnishes billing and collection services to the physician and surgeon to submit claims or receive payment for claims.

(e) All payments from the fund pursuant to Section 1797.98c to physicians and surgeons shall be limited to physicians and surgeons who, in person, provide onsite services in a clinical setting, including, but not limited to, radiology and pathology settings.

(f) All payments from the fund shall be limited to claims for care rendered by physicians and surgeons to patients who are initially medically screened, evaluated, treated, or stabilized in any of the following:

(1) A basic or comprehensive emergency department of a licensed general acute care hospital.

(2) A site that was approved by a county prior to January 1, 1990, as a paramedic receiving station for the treatment of emergency patients.

(3) A standby emergency department that was in existence on January 1, 1989, in a hospital specified in Section 124840.

(4) For the 1991–92 fiscal year and each fiscal year thereafter, a facility which contracted prior to January 1, 1990, with the National Park Service to provide emergency medical services.

(g) Payments shall be made only for emergency services provided on the calendar day on which emergency medical services are first provided and on the immediately following two calendar days, however, payments may not be made for services provided beyond a 48-hour period of continuous service to the patient.

(h) Notwithstanding subdivision (g), if it is necessary to transfer the patient to a second facility providing a higher level of care for the treatment of the emergency condition, reimbursement shall be available for services provided at the facility to which the patient was transferred on the calendar day of transfer and on the immediately following two calendar days, however, payments may not be made for services provided beyond a 48-hour period of continuous service to the patient.

(i) Payment shall be made for medical screening examinations required by law to determine whether an emergency condition exists, notwithstanding the determination after the examination that a medical emergency does not exist. Payment shall not be denied solely because a patient was not admitted to an acute care facility. Payment shall be made for services to an inpatient only when the inpatient has been admitted to a hospital from an entity specified in subdivision (f).

(j) The administering agency shall compile a quarterly and yearend summary of reimbursements paid to facilities and physicians and surgeons. The summary shall include, but shall not be limited to, the total number of claims submitted by physicians and surgeons in aggregate from each facility and the amount paid to each physician and surgeon. The administering agency shall provide copies of the summary and forms and instructions relating to making claims for reimbursement to the public, and may charge a fee not to exceed the reasonable costs of duplication.

(k) Each county shall establish an equitable and efficient mechanism for resolving disputes relating to claims for reimbursements from the fund. The mechanism shall include a requirement that disputes be submitted either to binding arbitration conducted pursuant to arbitration procedures set forth in Chapter 3 (commencing with Section 1282) and Chapter 4 (commencing with Section 1285) of Part 3 of Title 9 of the Code of Civil Procedure, or to a local medical society for resolution by neutral parties.

SEC. 3. Notwithstanding Section 17610 of the Government Code, 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. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

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CHAPTER 431

An act to amend Sections 1063 and 1063.5 of the Insurance Code, relating to insurance.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 1063 of the Insurance Code is amended to read:

1063. (a) Within 60 days after the original effective date of this article, all insurers, including reciprocal insurers, admitted to transact insurance in this state of any or all of the following classes only in accordance with the provisions of Chapter 1 (commencing with Section 100) of Part 1 of this division: fire (see Section 102), marine (see Section 103), plate glass (see Section 107), liability (see Section 108), workers' compensation (see Section 109), common carrier liability (see Section 110), boiler and machinery (see Section 111), burglary (see Section 112), sprinkler (see Section 114), team and vehicle (see Section 115), automobile (see Section 116), aircraft (see Section 118), and miscellaneous (see Section 120), shall establish the California Insurance Guarantee Association (the association); provided, however, this article shall not apply to the following classes or kinds of insurance: life and annuity (see Section 101), title (see Section 104), fidelity or surety including fidelity or surety bonds, or any other bonding obligations (see Section 105), disability or health (see Section 106), credit (see Section 113), mortgage (see Section 117), mortgage guaranty, insolvency or legal (see Section 119), financial guaranty or other forms of insurance offering protection against investment risks (see Section 124), the ocean marine portion of any marine insurance or ocean marine coverage under any insurance policy including the following: the Jones Act (46 U.S.C. Sec. 688), the Longshore and Harbor Workers' Compensation Act (33

U.S.C. Sec. 901 et seq.), or any other similar federal statutory enactment, or any endorsement or policy affording protection and indemnity coverage, or reinsurance as defined in Section 620, or fraternal fire insurance written by associations organized and operating under Sections 9080 to 9103, inclusive. Any insurer admitted to transact only those classes or kinds of insurance excluded from this article shall not be a member insurer of the association. Each such insurer, including the State Compensation Insurance Fund, as a condition of its authority to transact insurance in this state, shall participate in the association whether established voluntarily or by order of the commissioner after the elapse of 60 days following the original effective date of this article in accordance with rules to be established as provided in this article. It shall be the purpose of the association to provide for each member insurer insolvency insurance as defined in Section 119.5.

(b) The association shall be managed by a board of governors, composed of nine member insurers, each of which shall be appointed by the commissioner to serve initially for terms of one, two, or three years and thereafter for three-year terms so that three terms shall expire each year on December 31, and shall continue in office until his or her successor shall be appointed and qualified. At least five members of the board shall be domestic insurers. At least three such members shall be stock insurers, and at least three shall be nonstock insurers. The nine members shall be representative, as nearly as possible, of the classes of insurance and of the kinds of insurers covered by this article. In case of a vacancy for any reason on the board, the commissioner shall appoint a member insurer to fill the unexpired term. In addition to the nine member insurers, the membership of the board shall also include one public member appointed by the President pro Tempore of the Senate, one public member appointed by the Speaker of the Assembly, one business member appointed by the commissioner, and one labor member appointed by the commissioner.

(c) The association shall adopt a plan of operations, and any amendments thereto, not inconsistent with the provisions of this article, necessary to assure the fair, reasonable, and equitable manner of administering the association, and to provide for other matters as are necessary or advisable to implement the provisions of this article. The plan of operations and any amendments thereto shall be subject to prior written approval by the commissioner. All members of the association shall adhere to the plan of operation.

(d) If for any reason the association fails to adopt a suitable plan of operation within 90 days following the original effective date of this article, or if at any time thereafter the association fails to adopt suitable amendments to the plan of operation, the commissioner shall after hearing adopt and promulgate reasonable rules as are necessary or

advisable to effectuate the provisions of this chapter. These rules shall continue in force until modified by the commissioner after hearing or superseded by a plan of operation, adopted by the association and approved by the commissioner.

(e) In accordance with its plan of operation, the association may designate one or more of its members as a servicing facility, but a member may decline this designation. Each servicing facility shall be reimbursed by the association for all reasonable expenses it incurs and for all payments it makes on behalf of the association. Each servicing facility shall have authority to perform any functions of the association that the board of governors lawfully may delegate to it and to do so on behalf of and in the name of the association. The designation of servicing facilities shall be subject to the approval of the commissioner.

(f) The association shall have authority to borrow funds when necessary to effectuate the provisions of this article.

(g) The association, either in its own name or through servicing facilities, may be sued and may use the courts to assert or defend any rights the association may have by virtue of this article as reasonably necessary to fully effectuate the provisions thereof.

(h) The association shall have the right to intervene as a party in any proceeding instituted pursuant to Section 1016 wherein liquidation of a member insurer as defined in Section 1063.1 is sought.

(i) (1) The association shall have an annual audit of its financial condition conducted by an independent certified public accountant. The audit shall be conducted, to the extent possible, in accordance with generally accepted auditing standards (GAAS) and the report of the audit shall be submitted to the commissioner.

(2) The association shall annually audit at least one-third of the service companies retained by the association to adjust claims of insolvent insurers. The audits shall (A) assure that all covered claims are being investigated, adjusted, and paid in accordance with customary industry standards and practices and all applicable statutes, rules and regulations, and (B) examine the management and supervisory systems overseeing the claims functions. The audits shall be conducted by the association or an independent auditor, provided that the three largest service companies, as measured by the number of claims processed for the association during the previous three fiscal years, shall be audited by an independent auditor at least once every three years. The association shall implement systems to retain independent auditing firms for the purpose of this paragraph, provided that no one firm is designated or utilized as an exclusive provider. Audits conducted pursuant to this paragraph shall be submitted annually to the commissioner for review.

(j) The commissioner shall examine the association to the same extent as, and in accordance with, the requirements of Article 4



(commencing with Section 730) of Chapter 1 of Part 2 of Division 2, which sets forth the examination requirements applicable to admitted insurers. A copy of the examination report shall be filed with the Chairpersons of the Senate and Assembly Committees on Insurance no later than December 31 of the year the report is completed.

SEC. 2. 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. 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 one 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  $2\frac{1}{2}$  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. 3. Sections 1 and 2 of this act shall become operative only if Senate Bill 2093 is enacted and becomes effective on or before January 1, 2003.

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## CHAPTER 432

An act to amend Sections 8601 and 8625 of, and to add Section 6307.1 to, the Public Resources Code, relating to the California State Lands Commission, and making an appropriation therefor.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 6307.1 is added to the Public Resources Code, to read:

6307.1. (a) This section applies only to land in which California has a sovereign interest that lies within the boundaries of the State of Arizona and land in which Arizona has a sovereign interest that lies within the boundaries of the State of California, as a result of changes in the course of the Colorado River, and the redefinition in 1963 of the boundary between the two states.

(b) The commission may enter into land exchange agreements with Arizona to transfer California's sovereign interest in land located within the boundaries of Arizona and to acquire Arizona's sovereign interest in land located within the boundaries of California.

(c) The fair market value of the land transferred to Arizona shall be equal to the fair market value of the land acquired from Arizona. This requirement is not mandatory for each separate exchange transaction, but to the extent possible shall be complied with upon completion of all possible exchanges.

(d) The total value of all lands exchanged pursuant to this section shall be determined according to fair market value. Upon completion of all possible exchanges, if there is a difference between the total value of all land transferred to Arizona, and all land acquired by California, the difference shall be eliminated by cash payments from or to the Land Bank Fund established by the Kapiloff Land Bank Act (commencing with Section 8600).

(e) The commission may release the mineral rights in all the land transferred if it receives the mineral rights in all the land acquired.

(f) All land to be acquired by California pursuant to this section shall become, upon acquisition, sovereign land of California subject to the public trust. Any exchange shall be void unless the land to be acquired by Arizona pursuant to the exchange becomes, upon acquisition, sovereign land of Arizona subject to the public trust.

(f) Any land exchange made pursuant to this section shall be subject to the exemption from the California Environmental Quality Act contained in Section 21080.11.

SEC. 2. Section 8601 of the Public Resources Code is amended to read:

8601. Unless the context otherwise requires, the definitions in this section govern the construction of this division.

(a) "Commission" means the State Lands Commission.

(b) "Fund" means the Land Bank Fund created pursuant to Section 8610.

(c) "Trustee" means the State Lands Commission acting in its role as trustee for the Land Bank Fund.

(d) "Title settlements" means exchanges pursuant to Sections 6307 and 6307.1 and any agreements between the commission and others as a part of, or in lieu of, litigation in compromise settlements of public trust title questions, including real property exchanges, boundary determinations, or other means leading to a resolution of those questions and the necessary conveyances or other documentation provided by the agreements.

(e) "Mitigation" means any measure to mitigate adverse environmental impacts that are lawfully imposed as a condition to the issuance of a permit or other authorization to undertake a project.

(f) "Project" means, for purposes of mitigation only, any improvement to real property that adversely impacts existing or former wetlands.

SEC. 3. Section 8625 of the Public Resources Code is amended to read:

8625. (a) The consideration passing to the state in title settlements may consist, in whole or in part, of monetary payments to the trustee for deposit into the fund that are subject to a statutory trust limiting their use exclusively to the purchase of interests in a Land Bank Fund parcel and conveyance of those interests to the state pursuant to Section 8626 as soon as practicable thereafter.

(b) A project applicant may donate moneys for deposit to the fund for purposes of mitigation with the approval of the agency responsible for approving the project and the trustee shall accept the donation if land is held by the trustee for those purposes. A donation so deposited is subject to a statutory trust limiting its use exclusively to the identified mitigation.

(c) Any party may deposit moneys into the fund for purposes of specified or unspecified projects to provide for management and improvement of real property held by the trustee to provide open space, habitat for plants and animals, and public access.

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## CHAPTER 433

An act to amend Section 1561.1 of the Financial Code, relating to trust companies.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 1561.1 of the Financial Code is amended to read:

1561.1. (a) As used in this section:

(1) "Fund" means any investment company registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.), as amended from time to time.

(2) "Trust" means any court trust or private trust.

(3) "Trust Law" means Division 9 (commencing with Section 15000) of the Probate Code.

(b) Within the standards established by trust law, including, but not limited to, Division 9 (commencing with Section 15000) of the Probate Code, a trust company acting in any capacity under a trust may, in the exercise of its investment discretion unless the trust instrument provides expressly to the contrary, invest and reinvest in the securities of or other interests in any fund to which the trust company or its affiliate is providing services including, but not limited to, services as an investment adviser, sponsor, distributor, custodian, agent, registrar, administrator, servicer, or manager, and for which the trust company or its affiliate receives compensation.

(c) Before or within 30 days after the initial investment upon the exercise of discretionary powers authorized by subdivision (b), the trust company, acting in any capacity under a trust, shall furnish written notice of the exercise of the discretionary powers and a copy of the prospectus relating to the securities to all persons to whom the trust company is required to render statements of account pursuant to applicable provisions of the Trust Law or to whom the trust company regularly provides a statement of account unless specifically waived in writing.

(d) With respect to any trust so invested, the trust company shall disclose to all persons identified in subdivision (c), at least annually by prospectus, statement of account, or other written notice, a brief description of the fees or rates charged by the trust company and its affiliates for its services as investment adviser or investment manager to the fund.

(e) In connection with an investment or reinvestment authorized by subdivision (b), the portion of compensation a trust company receives

from the trust reasonably attributable to investment advisory or investment management services to the trust shall be reduced (but not below zero) by an amount equal to compensation that is received by the trust company or its affiliates for providing investment advisory or investment management services to the fund for the portion of the trust invested in the fund.

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## CHAPTER 434

An act to amend Sections 24000, 24001, 24002, 24007, 24009, 24010, 24011, 24012, 24013, and 24017 of, and to add Section 24011.5 to, the Food and Agricultural Code, relating to equine drugs.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 24000 of the Food and Agricultural Code is amended to read:

24000. The Legislature finds and declares the following:

(a) That the public has a valuable interest in public horse shows, horse competitions, and horse sales.

(b) That it is the intent of this chapter to ensure the integrity of public horse shows, horse competitions, and horse sales through the control of performance and disposition enhancing medications while limiting permitted therapeutic usage at horse shows and competitions.

SEC. 2. Section 24001 of the Food and Agricultural Code is amended to read:

24001. For the purposes of this chapter:

(a) "Event" means any public horse show, competition (including cutting horse competitions, endurance riding competitions, competitive trail competitions, gymkhanas, and any other competition as determined by the secretary by regulation), or sale, in which money, goods, or services are exchanged for the right to compete for a single set of placings leading to points or awards at the show or competition, or to permit a horse to be consigned for sale. "Event" does not include any of the following:

(1) Those competitions subject to the jurisdiction of the California Horse Racing Board.

(2) Sales consisting solely of racing stock.

(3) A rodeo related competition including both rough stock and timed performance competitions when held apart from a horse show.

(4) Roping club events when held apart from a horse show.  
(5) Cattle team pennings when held apart from a horse show.  
(6) Barrel racing when held apart from a horse show.  
(7) Parade horse competitions.  
(8) Public horse shows and public horse competitions that do not last longer than one day and whose total cumulative fees to enter into any one or all classes do not exceed four dollars and ninety-nine cents (\$4.99), unless otherwise prescribed by the secretary by regulation. "Grounds fees," "stall fees," or any other fee composed of money, goods, or services, which is assessed to permit competitors or consignors to enter into an event are considered a part of this total cumulative fee.

(b) "Event manager" means the person in charge of an event, including the person responsible for registering the event with the department, and the person responsible for the assessment, collection, and remittance of fees. "Event manager" includes horse show secretaries and managers, competitive event managers, and horse sale managers and sale owners.

(c) "Horse" means and includes all horses, mules, and asses.

(d) "Licensed veterinarian" means any person licensed as a veterinarian by the State of California.

(e) "Prohibited substance" is any stimulant, depressant, tranquilizer, anesthetic, including any local anesthetic, sedative analgesic, corticosteroid, anabolic steroid, or agent that would sore a horse, which could affect the performance, soundness, or disposition of a horse, or any drug regardless of how harmless or innocuous it might otherwise be that could interfere with the detection of any prohibited substance. It also includes any metabolite or derivative of any prohibited substance.

(f) "NSAIDs" are nonsteroidal anti-inflammatory drugs.

(g) "Therapeutic administration" means the administration of a drug or medicine that is necessary for the treatment of an illness or injury diagnosed by a licensed veterinarian. The administration of a prescribed drug or medicine shall only be as given or prescribed by the licensed veterinarian. The administration of a nonprescription drug or medicine shall be in accordance with the directions on the manufacturer's label.

(h) "Exempt medications" are oral or topical medications containing prohibited substances determined by the secretary to be exempt from this chapter when administered therapeutically.

(i) "Public" horse shows, competitions, or sales are those events that permit a person to enter or consign a horse for sale in exchange for money, goods, or services. Any club or group that permits people to join, enter into competition, or consign a horse for sale in exchange for money, goods, or services, is "public" for the purposes of this chapter.

(j) “Stimulant or depressant” means any medication that stimulates or depresses the circulatory, respiratory, or central or peripheral nervous system.

(k) To “sore” means to apply an irritating or blistering agent internally or externally for the purpose of affecting the performance, soundness, or disposition of a horse.

(l) “Trainer” means any person who has the responsibility for the care, training, custody, or performance of a horse, including, but not limited to, any person who signs any entry blank of any public horse show, competition, or sale, whether that person is an owner, rider, agent, coach, adult, or minor.

SEC. 3. Section 24002 of the Food and Agricultural Code is amended to read:

24002. (a) Except as otherwise provided in subdivision (b), the secretary has jurisdiction of all events under this chapter and shall administer and enforce this chapter.

(b) This chapter does not apply to any individual horse show, competition, or sale that is certified by the secretary. The secretary may, after holding a public hearing with a 30-day written notice of the hearing given to the advisory committee established pursuant to Section 24013.5 and as otherwise required by California, certify any horse show, competition, or sale, if the secretary determines all of the following are satisfied:

(1) The sponsoring equine organization or association requests certification in writing.

(2) The event manager of the individual event requests certification of that event in writing at least 30 days prior to the event.

(3) The drug and medication rules of the sponsoring equine organization or association comply with or are more stringent than the intent of this chapter.

(4) The drug and medication usage at the event is monitored in accordance with the sponsoring equine organization or association’s drug and medication rules.

(5) Adequate security and identification of test samples are maintained, and analysis of specimens is done by a laboratory that is approved by the secretary.

(6) Actions to be taken and the penalties imposed for violating the rules or regulations of the organization or association as to drug usage are as severe or more severe as those imposed by this chapter for any similar violation.

(7) An effective enforcement procedure is followed to control drug usage at the event.

The certification shall be effective and operate on a one-time basis as to any individual horse show, competition, or sale. The secretary shall



withdraw the certification for any horse show, competition, or sale, if the secretary finds that the drug prevention program of the organization or association that requested certification is not satisfactorily accomplishing the intent and objectives of this chapter. The secretary may deny certification to any horse show, competition, or sale to be given by the same organization or association as a horse show, competition, or sale from which certification is withdrawn pursuant to this paragraph. The advisory committee established pursuant to Section 24013.5 may provide a recommendation to the secretary regarding certifications.

SEC. 4. Section 24007 of the Food and Agricultural Code is amended to read:

24007. (a) In addition to any other penalty or fine prescribed by law, a trainer or owner, or both the trainer and owner, of a horse found to have received a prohibited substance or NSAID in violation of this chapter, or determined to be in violation of Section 24009 shall be subject to a civil penalty of not less than one hundred dollars (\$100) or more than ten thousand dollars (\$10,000) for each violation, to be recovered by the secretary in any court of competent jurisdiction.

(b) In addition to the penalty specified in subdivision (a) or any other penalty or fine prescribed by law, the secretary may suspend any trainer or owner, or both the trainer and owner, from all competitions at any public horse show or competition for a period of not less than 90 days or more than one year for each violation. It is unlawful for any person suspended from competition by the secretary to compete in any public horse show or competition during the period of suspension. Any person suspended from competition by the secretary who competes in any public horse show or competition during the period of suspension is subject to the civil penalty prescribed by subdivision (a) for each entry during the period of suspension.

(c) The owner or owners of a horse found to have received a prohibited substance or NSAID in violation of this chapter or determined to be in violation of Section 24009 shall forfeit all prize money or sweepstakes and any trophies, ribbons, and points won at any public horse show or competition by the horse and the same shall be redistributed by the horse show or competition in accordance with its rules or bylaws. The owner shall pay a fee of fifty dollars (\$50) to the public horse show or competition. The horse may be suspended for any period of time specified by the secretary. If the violation occurs at a horse sale, the contract of sale is voidable at the buyer's discretion.

(d) In lieu of civil prosecution by the secretary, the secretary may levy a civil penalty against a person violating any provision of this chapter.

(e) Before a civil penalty is levied, the person charged with the violation shall receive notice of the nature of the violation and shall be



given an opportunity to be heard, including the right to review the secretary's evidence and a right to present evidence on his or her own behalf.

(f) Review of the decision of the secretary may be sought by the person against whom the penalty was levied within 30 days of the date of the decision pursuant to Section 1094.5 of the Code of Civil Procedure.

(g) After the exhaustion of the review procedure provided in this section, the secretary or his or her representative, may file a certified copy of a final decision of the secretary that directs the payment of a civil penalty and, if applicable, any order that denies a petition for a writ of administrative mandamus, with the clerk of the superior court of any county. Judgment shall be entered immediately by the clerk in conformity with the decision or order. No fees shall be charged by the clerk of the superior court for the performance of any official service required in connection with the entry of judgment pursuant to this section.

SEC. 5. Section 24009 of the Food and Agricultural Code is amended to read:

24009. Whether a horse is in competition or not, refusal to submit a horse in a public horse show, competition, or sale for examination or to cooperate with the licensed veterinarian or his or her technicians and agents shall constitute a violation of, and subject the responsible person to, the same penalties that are applicable to prohibited substances or NSAIDs under Section 24007. A suitable sample shall be collected from a horse selected for testing by a drug testing agent of the department unless the agent releases the horse from testing.

SEC. 6. Section 24010 of the Food and Agricultural Code is amended to read:

24010. If the chemical analysis of blood, urine, saliva, or other samples taken from a horse indicate the presence of a prohibited substance or NSAID or any metabolite or derivative thereof, it shall be prima facie evidence that the prohibited substance or NSAID has been administered to the horse. A hearing shall be held when a positive report is received from a chemist identifying a prohibited substance or any metabolite or derivative thereof, unless the requirements of Section 24011 have been met or the prohibited substance or NSAID consists solely of an exempt medication. The trainer or owner, or both the trainer and owner, responsible for the condition of the horse shall not be subject to the penalty prescribed under this chapter or suspended, and no horse shall be barred from competition until after the conclusion of the hearing and a written ruling thereon has been made by the secretary.

SEC. 7. Section 24011 of the Food and Agricultural Code is amended to read:

24011. A horse exhibited at an event that receives a prohibited substance within 48 hours prior to any withdrawal time established by or pursuant to this chapter or any NSAID for which a maximum detectable plasma level has been established in Section 24011.5, shall not be eligible for show, competition, or sale, unless the following requirements have been met and the facts requested are submitted to the secretary in writing:

(a) Medication shall be therapeutic and necessary for treatment of an illness or injury.

(b) A horse shall be withdrawn from a show or competition for a period of not less than 24 hours after a prohibited substance is administered, unless the secretary determines a different withdrawal period for a specific prohibited substance or class of substances. A horse shall be withdrawn from a public sale for a period of not less than 72 hours after a prohibited substance or NSAID is administered. The withdrawal period for anabolic steroids is 90 days after administration.

(c) The medication shall be administered by a licensed veterinarian, the trainer, or owner.

(d) Medication shall be identified as to the amount, strength, and mode of administration.

(e) The statement shall include the date and time of administration of the medication.

(f) The horse shall be identified by its name, age, sex, color, and entry number.

(g) The statement shall contain the diagnosis of the attending veterinarian and reason for administering the medication.

(h) The statement shall be signed by the person administering the medication.

(i) The statement shall be filed with the event manager of the public horse show or competition or general manager of the horse sale within one hour after administration or one hour after the event manager of the event returns to duty, if administration is at a time other than during show or sale hours.

(j) The statement shall be signed by the event manager or his or her designated representative and time of receipt recorded on the statement by the event manager or his or her designated representative.

If the chemical analysis of the sample taken from a horse so treated indicates the presence of a prohibited substance and all the requirements of this section have been fully complied with, the information contained in the medication report and any other relevant evidence shall be considered at any hearing provided under this chapter in determining whether any provision of this chapter has been violated.

SEC. 8. Section 24011.5 is added to the Food and Agricultural Code, to read:

24011.5. The therapeutic administration of NSAIDs is permitted prior to and during all events except public auctions, provided that the dosage or combined dosages do not exceed any limits established by regulation. However, at horse shows and competitions, the maximum number of detectable NSAIDs by laboratory analysis shall be limited to two, except that phenylbutazone and flunixin are not permitted in the same plasma or urine sample. Additionally, the maximum detectable plasma levels for the following NSAIDs are:

- (a) 15.0 micrograms per milliliter of phenylbutazone.
- (b) 1.0 micrograms per milliliter of flunixin.
- (c) 0.250 micrograms per milliliter of ketoprofen.
- (d) 2.5 micrograms per milliliter of meclufenamic acid.
- (e) 40 micrograms per milliliter of naproxen.
- (f) 0.1 micrograms per milliliter of eltenac, upon approval of eltenac by the FDA.

SEC. 9. Section 24012 of the Food and Agricultural Code is amended to read:

24012. (a) To provide funds for enforcement of this chapter, the event manager of every event shall charge and collect a fee of not more than three dollars (\$3) for each horse entered or exhibited in the event, and each horse consigned for public sale, as determined by the secretary to be necessary to carry out this chapter. Event managers shall be notified of the applicable fee at the time of registration of an event. The event manager of the registered event shall remit the fee established pursuant to this section, in addition to the completed assessment summary, as prescribed by the secretary, to the department within 15 days after completion of the event.

Based on the recommendation of the advisory committee appointed under Section 24013.5, the secretary may set the fee at a rate in excess of three dollars (\$3) per horse that may not exceed five dollars (\$5) per horse.

(b) Any event manager who does not pay to the department the full amount that is due pursuant to this section shall pay a civil penalty of 10 percent of the amount due plus interest at the rate of  $1\frac{1}{2}$  percent per month of the unpaid balance computed from the date of the event. The event manager is personally liable for fees and penalties owed the department pursuant to this section.

(c) Fees and penalties collected pursuant to this section shall be deposited in the Department of Food and Agriculture Fund. All funds received by the department from fees and penalties pursuant to this section shall be used exclusively to carry out the intent and purpose of this chapter, including, but not limited to, pharmacological studies, drug testing, and drug research, inspection for drugs, prosecution of alleged

offenders, administrative costs, attorneys and expert witness fees, and any other costs necessary to carry out this chapter.

SEC. 10. Section 24013 of the Food and Agricultural Code is amended to read:

24013. (a) The secretary shall adopt those reasonable rules and regulations as are necessary to carry out this chapter.

(b) The secretary shall adopt an exempt medications list that identifies all exempt medications. All changes to the list shall take effect on January 1 of the following year. At the time an event is registered pursuant to Section 24015, a copy of the exempt medications list shall be provided to the event manager for reference purposes. The exempt medications list shall also be made available to any person upon request.

(c) In making and adopting regulations, the secretary shall first consult with the advisory committee appointed pursuant to Section 24013.5.

SEC. 11. Section 24017 of the Food and Agricultural Code is amended to read:

24017. This chapter shall not apply to any horse one year of age or less entered in any public horse sale, if public notice of the administering of any drug or medication has been given as prescribed by the secretary.

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## CHAPTER 435

An act to amend Sections 8203, 8208, 8242, 8263, 8265.5, 8289, 8499.3, and 8499.5 of, and to repeal Section 8468 of, the Education Code, relating to child care and development services.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 8203 of the Education Code is amended to read:

8203. The Superintendent of Public Instruction shall develop standards for the implementation of quality programs. Indicators of quality shall include, but not be limited to:

(a) A physical environment that is safe and appropriate to the ages of the children and that meets applicable licensing standards.

(b) Program activities and services that are age appropriate and meet the developmental needs of each child.

(c) Program activities and services that meet the cultural and linguistic needs of children and families.

- (d) Family and community involvement.
- (e) Parent education.
- (f) Efficient and effective local program administration.
- (g) Staff that possesses the appropriate and required qualifications or experience, or both. The appropriate staff qualifications shall reflect the diverse linguistic and cultural makeup of the children and families in the child care and development program. The use of intergenerational staff shall be encouraged.
- (h) Program activities and services that meet the needs of children with exceptional needs and their families.
- (i) Support services for children, families, and providers of care.
- (j) Resource and referral services.
- (k) Alternative payment services.
- (l) Provision for nutritional needs of children.
- (m) Social services that include, but are not limited to, identification of child and family needs and referral to appropriate agencies.
- (n) Health services that include referral of children to appropriate agencies for services.

SEC. 2. Section 8208 of the Education Code is amended to read:  
8208. As used in this chapter:

(a) "Alternative payments" includes payments that are made by one child care agency to another agency or child care provider for the provision of child care and development services, and payments that are made by an agency to a parent for the parent's purchase of child care and development services.

(b) "Alternative payment program" means a local government agency or nonprofit organization that has contracted with the department pursuant to Section 8220.2 to provide alternative payments and to provide support services to parents and providers.

(c) "Applicant or contracting agency" means a school district, community college district, college or university, county superintendent of schools, county, city, public agency, private nontax-exempt agency, private tax-exempt agency, or other entity that is authorized to establish, maintain, or operate services pursuant to this chapter. Private agencies and parent cooperatives, duly licensed by law, shall receive the same consideration as any other authorized entity with no loss of parental decisionmaking prerogatives as consistent with the provisions of this chapter.

(d) "Assigned reimbursement rate" is that rate established by the contract with the agency and is derived by dividing the total dollar amount of the contract by the minimum child day of average daily enrollment level of service required.

(e) "Attendance" means the number of children present at a child care and development facility. "Attendance," for the purposes of

reimbursement, includes excused absences by children because of illness, quarantine, illness or quarantine of their parent, family emergency, or to spend time with a parent or other relative as required by a court of law or that is clearly in the best interest of the child.

(f) "Capital outlay" means the amount paid for the renovation and repair of child care and development facilities to comply with state and local health and safety standards, and the amount paid for the state purchase of relocatable child care and development facilities for lease to qualifying contracting agencies.

(g) "Caregiver" means a person who provides direct care, supervision, and guidance to children in a child care and development facility.

(h) "Child care and development facility" means any residence or building or part thereof in which child care and development services are provided.

(i) "Child care and development programs" means those programs that offer a full range of services for children from infancy to 14 years of age, for any part of a day, by a public or private agency, in centers and family child care homes. These programs include, but are not limited to, all of the following:

(1) Campus child care and development.

(2) General child care and development.

(3) Migrant child care and development.

(4) Child care provided by the California School Age Families Education Program (Article 7.1 (commencing with Section 54740) of Chapter 9 of Part 29).

(5) State preschool.

(6) Resource and referral.

(7) Child care and development services for children with special needs.

(8) Family child care home network.

(9) Alternative payment.

(10) Child abuse protection and prevention services.

(11) Schoolage community child care.

(j) "Child care and development services" means those services designed to meet a wide variety of needs of children and their families, while their parents or guardians are working, in training, seeking employment, incapacitated, or in need of respite. These services may include direct care and supervision, instructional activities, resource and referral programs, and alternative payment arrangements.

(k) "Children at risk of abuse, neglect, or exploitation" means children who are so identified in a written referral from a legal, medical, or social service agency, or emergency shelter.

(l) "Children with exceptional needs" means infants and toddlers, from birth to 36 months of age, inclusive, who have been determined eligible for early intervention services pursuant to the California Early Intervention Services Act (Title 14 (commencing with Section 95000) of the Government Code) and its implementing regulations, and children 3 years of age and older who have been determined to be eligible for special education and related services by an individualized education program team according to the special education requirements contained in Part 30 (commencing with Section 56000), and meeting eligibility criteria described in Section 56026 and Sections 56333 to 56338, inclusive, and Sections 3030 and 3031 of Title 5 of the California Code of Regulations. These children have an active individualized education program or individualized family service plan, and are receiving early intervention services or appropriate special education and services. These children, ages birth to 21 years, inclusive, may be autistic, developmentally disabled, hard-of-hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, orthopedically impaired, other health impaired, deaf-blind, multihandicapped, or children with specific learning disabilities, who require the special attention of adults in a child care setting.

(m) "Closedown costs" means reimbursements for all approved activities associated with the closing of operations at the end of each growing season for migrant child development programs only.

(n) "Cost" includes, but is not limited to, expenditures that are related to the operation of child care and development programs. "Cost" may include a reasonable amount for state and local contributions to employee benefits, including approved retirement programs, agency administration, and any other reasonable program operational costs. "Cost" may also include amounts for licensable facilities in the community served by the program, including lease payments or depreciation, downpayments, and payments of principal and interest on loans incurred to acquire, rehabilitate, or construct licensable facilities, but these costs shall not exceed fair market rents existing in the community in which the facility is located. "Reasonable and necessary costs" are costs that, in nature and amount, do not exceed what an ordinary prudent person would incur in the conduct of a competitive business.

(o) "Elementary school," as contained in Section 425 of Title 20 of the United States Code (the National Defense Education Act of 1958, Public Law 85-864, as amended), includes early childhood education programs and all child development programs, for the purpose of the cancellation provisions of loans to students in institutions of higher learning.



(p) "Health services" include, but are not limited to, all of the following:

(1) Referral, whenever possible, to appropriate health care providers able to provide continuity of medical care.

(2) Health screening and health treatment, including a full range of immunization recorded on the appropriate state immunization form to the extent provided by the Medi-Cal Act (Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code) and the Child Health and Disability Prevention Program (Article 6 (commencing with Section 124025) of Chapter 3 of Part 2 of Division 106 of the Health and Safety Code), but only to the extent that ongoing care cannot be obtained utilizing community resources.

(3) Health education and training for children, parents, staff, and providers.

(4) Followup treatment through referral to appropriate health care agencies or individual health care professionals.

(q) "Higher educational institutions" means the Regents of the University of California, the Trustees of the California State University, the Board of Governors of the California Community Colleges, and the governing bodies of any accredited private nonprofit institution of postsecondary education.

(r) "Intergenerational staff" means persons of various generations.

(s) "Limited-English-speaking-proficient and non-English-speaking-proficient children" means children who are unable to benefit fully from an English-only child care and development program as a result of either of the following:

(1) Having used a language other than English when they first began to speak.

(2) Having a language other than English predominantly or exclusively spoken at home.

(t) "Parent" means any person living with a child who has responsibility for the care and welfare of the child.

(u) "Program director" means a person who, pursuant to Sections 8244 and 8360.1, is qualified to serve as a program director.

(v) "Proprietary child care agency" means an organization or facility providing child care, which is operated for profit.

(w) "Resource and referral programs" means programs that provide information to parents, including referrals and coordination of community resources for parents and public or private providers of care. Services frequently include, but are not limited to: technical assistance for providers, toy-lending libraries, equipment-lending libraries, toy- and equipment-lending libraries, staff development programs, health and nutrition education, and referrals to social services.



(x) “Severely disabled children” are children with exceptional needs from birth to 21 years of age, inclusive, who require intensive instruction and training in programs serving pupils with the following profound disabilities: autism, blindness, deafness, severe orthopedic impairments, serious emotional disturbances, or severe mental retardation. “Severely disabled children” also include those individuals who would have been eligible for enrollment in a developmental center for handicapped pupils under Chapter 6 (commencing with Section 56800) of Part 30 as it read on January 1, 1980.

(y) “Short-term respite child care” means child care service to assist families whose children have been identified through written referral from a legal, medical, or social service agency, or emergency shelter as being neglected, abused, exploited, or homeless, or at risk of being neglected, abused, exploited, or homeless. Child care is provided for less than 24 hours per day in child care centers, treatment centers for abusive parents, family child care homes, or in the child’s own home.

(z) (1) “Site supervisor” means a person who, regardless of his or her title, has operational program responsibility for a child care and development program at a single site. A site supervisor shall hold a permit issued by the Commission on Teacher Credentialing that authorizes supervision of a child care and development program operating in a single site. The Superintendent of Public Instruction may waive the requirements of this subdivision if the superintendent determines that the existence of compelling need is appropriately documented.

(2) In respect to state preschool programs, a site supervisor may qualify under any of the provisions in this subdivision, or may qualify by holding an administrative credential or an administrative services credential. A person who meets the qualifications of a site supervisor under both Section 8244 and subdivision (e) of Section 8360.1 is also qualified under this subdivision.

(aa) “Standard reimbursement rate” means that rate established by the Superintendent of Public Instruction pursuant to Section 8265.

(ab) “Startup costs” means those expenses an agency incurs in the process of opening a new or additional facility prior to the full enrollment of children.

(ac) “State preschool services” means part-day educational programs for low-income or otherwise disadvantaged prekindergarten-age children.

(ad) “Support services” means those services that, when combined with child care and development services, help promote the healthy physical, mental, social, and emotional growth of children. Support services include, but are not limited to: protective services, parent training, provider and staff training, transportation, parent and child

counseling, child development resource and referral services, and child placement counseling.

(ae) "Teacher" means a person with the appropriate permit issued by the Commission on Teacher Credentialing who provides program supervision and instruction that includes supervision of a number of aides, volunteers, and groups of children.

(af) "Underserved area" means a county or subcounty area, including, but not limited to, school districts, census tracts, or ZIP Code areas, where the ratio of publicly subsidized child care and development program services to the need for these services is low, as determined by the Superintendent of Public Instruction.

(ag) "Workday" means the time that the parent requires temporary care for a child for any of the following reasons:

- (1) To undertake training in preparation for a job.
- (2) To undertake or retain a job.
- (3) To undertake other activities that are essential to maintaining or improving the social and economic function of the family, are beneficial to the community, or are required because of health problems in the family.

SEC. 3. Section 8242 of the Education Code is amended to read:

8242. If there are no facilities in the area able to meet the special needs of particular children, then the department may, upon request, waive its regulations for staffing and group size ratios under Title 5 of the California Administrative Code and the laws upon which those regulations are promulgated for programs in which subsidized children comprise a majority of the enrollment.

SEC. 4. Section 8263 of the Education Code is amended to read:

8263. (a) The Superintendent of Public Instruction shall adopt rules and regulations on eligibility, enrollment, and priority of services needed to implement this chapter. In order to be eligible for federal and state subsidized child development services, families shall meet at least one requirement in each of the following areas:

(1) A family is (A) a current aid recipient, (B) income eligible, (C) homeless, or (D) one whose children are recipients of protective services, or whose children have been identified as being abused, neglected, or exploited, or at risk of being abused, neglected, or exploited.

(2) A family needs the child care service because the child is identified by a legal, medical, social service agency, or emergency shelter as (A) a recipient of protective services, or (B) being neglected, abused, or exploited, or at risk of neglect, abuse, or exploitation, or because the parents are (A) engaged in vocational training leading directly to a recognized trade, paraprofession, or profession, (B) employed or seeking employment, (C) seeking permanent housing for

family stability, or (D) incapacitated, including a medical or psychiatric special need that cannot be met without provision of child day care.

(b) Except as provided in Article 15.5 (commencing with Section 8350), priority for state and federally subsidized child development services is as follows:

(1) First priority shall be given to neglected or abused children who are recipients of child protective services, or recipients who are at risk of being neglected or abused, upon written referral from a legal, medical, or social service agency. When an agency is unable to enroll a child in the first priority category, the agency shall refer the family to local resource and referral services to locate services for the child.

(2) Second priority shall be equally given to eligible families, regardless of the number of parents in the home, who are income eligible. Within this priority, families with the lowest gross monthly income in relation to family size, as determined by a schedule adopted by the superintendent, shall be admitted first. When two or more families are in the same priority in relation to income, the family that has been on the waiting list for the longest amount of time shall be admitted first. For purposes of determining order of admission, the grants of public assistance recipients shall be counted as income.

(3) The superintendent shall set criteria for and may grant specific waivers of the priorities established in this subdivision for agencies that wish to serve specific populations, including children with exceptional needs or children of prisoners. These new waivers shall not include proposals to avoid appropriate fee schedules or admit ineligible families, but may include proposals to accept members of special populations in other than strict income order, as long as appropriate fees are paid.

(c) Notwithstanding any other law, in order to promote continuity of services, a family enrolled in a state or federally funded child care and development program whose services would otherwise be terminated because the family no longer meets the program income, eligibility, or need criteria may continue to receive child development services in another state or federally funded child care and development program if the contractor is able to transfer the family's enrollment to another program for which the family is eligible prior to the date of termination of services or to exchange the family's existing enrollment with the enrollment of a family in another program, provided that both families satisfy the eligibility requirements for the program in which they are being enrolled. The transfer of enrollment may be to another program within the same administrative agency or to another agency that administers state or federally funded child care and development programs within that county.

(d) A physical examination and evaluation, including age-appropriate immunization, shall be required prior to, or within six

weeks of, enrollment. No standard, rule, or regulation shall require medical examination or immunization for admission to a child care and development program of a child whose parent or guardian files a letter with the governing board of the child care and development program stating that the medical examination or immunization is contrary to his or her religious beliefs, or provide for the exclusion of a child from the program because of a parent or guardian having filed the letter. However, whenever there is good cause to believe that a child is suffering from a recognized contagious or infectious disease, the child shall be temporarily excluded from the program until the governing board of the child care and development program is satisfied that any contagious or infectious disease does not exist.

(e) Regulations formulated and promulgated pursuant to this section shall include the recommendations of the State Department of Health Services relative to health care screening and the provision of health care services. The superintendent shall seek the advice and assistance of these health authorities in situations where service under this chapter includes or requires care of ill children or children with exceptional needs.

(f) The superintendent shall establish a fee schedule for families utilizing child care and development services pursuant to this chapter. The income of a recipient of federal supplemental security income benefits pursuant to Title XVI of the Federal Social Security Act (42 U.S.C. Sec. 1381 et seq.) and state supplemental program benefits pursuant to Title XVI of the Federal Social Security Act and Chapter 3 (commencing with Section 12000) of Part 3 of Division 9 of the Welfare and Institutions Code shall not be included as income for the purposes of determining the amount of the family fee. The fee schedule shall include, but not be limited to, the following restrictions:

(1) No fees shall be assessed for families whose children are enrolled in the state preschool program.

(2) A contractor or provider may require parents to provide diapers. A contractor or provider offering field trips either may include the cost of the field trips within the service rate charged to the parent or may charge parents an additional fee. No federal or state money shall be used to reimburse parents for the costs of field trips if those costs are charged as an additional fee. A contractor or provider that charges parents an additional fee for field trips shall inform parents, prior to enrolling the child, that a fee may be charged and that no reimbursement will be available. A contractor or provider may charge parents for field trips or require parents to provide diapers only under the following circumstances:

(A) The provider has a written policy that is adopted by the agency's governing board that includes parents in the decisionmaking process regarding both of the following:

- (i) Whether or not, and how much, to charge for field trip expenses.
- (ii) Whether or not to require parents to provide diapers.
- (B) The maximum total of charges per child in a contract year does not exceed twenty-five dollars (\$25).

(C) No child is denied participation in a field trip due to the parent's inability or refusal to pay the charge. No adverse action shall be taken against any parent for that inability or refusal.

Each contractor or provider shall establish a payment system that prevents the identification of children based on whether or not their parents have paid a field trip charge.

Expenses incurred and income received for field trips pursuant to this section, shall be reported to the State Department of Education. The income received for field trips shall be reported specifically as restricted income.

(g) The superintendent shall establish guidelines for the collection of employer-sponsored child care benefit payments from any parent whose child receives subsidized child care and development services. These guidelines shall provide for the collection of the full amount of the benefit payment, but not to exceed the actual cost of child care and development services provided, notwithstanding the applicable fee based on the fee schedule.

(h) The superintendent shall establish guidelines according to which the director or a duly authorized representative of the child care and development program will certify children as eligible for state reimbursement pursuant to this section.

(i) No public funds shall be paid directly or indirectly to any agency that does not pay at least the minimum wage to each of its employees.

SEC. 5. Section 8265.5 of the Education Code is amended to read:

8265.5. (a) In order to reflect the additional expense of serving children who meet any of the criteria outlined in paragraphs (1) to (7), inclusive, of subdivision (b) the provider agency's reported child days of enrollment for these children shall be multiplied by the adjustment factors listed below.

(b) The adjustment factors shall apply to those programs for which assigned reimbursement rates are at or below the standard reimbursement rate. In addition, the adjustment factors shall apply to those programs for which assigned reimbursement rates are above the standard reimbursement rate, but the reimbursement rate, as adjusted, shall not exceed the adjusted standard reimbursement rate.

(1) For infants who are 0 to 18 months of age and are served in a child day care center, the adjustment factor shall be 1.7.

(2) For toddlers who are 18 to 36 months of age and are served in a child day care center, the adjustment factor shall be 1.4.

(3) For infants and toddlers who are 0 to 36 months of age and are served in a family child care home, the adjustment factor shall be 1.4.

(4) For children with exceptional needs who are 0 to 21 years of age, the adjustment factor shall be 1.2.

(5) For severely disabled children who are 0 to 21 years of age, the adjustment factor shall be 1.5.

(6) For a child at risk of neglect, abuse, or exploitation who are 0 to 14 years of age, the adjustment factor shall be 1.1.

(7) For limited-English-speaking and non-English-speaking children who are 2 years of age through kindergarten age, the adjustment factor shall be 1.1.

(c) Use of the adjustment factors shall not increase the provider agency's total annual allocation.

(d) Days of enrollment for children having more than one of the criteria outlined in paragraphs (1) to (7), inclusive, of subdivision (b) shall not be reported under more than one of the above categories.

(e) The difference between the reimbursement resulting from the use of the adjustment factors outlined in paragraphs (1) to (7), inclusive, of subdivision (b) and the reimbursement that would otherwise be received by a provider in the absence of the adjustment factors shall be used for special and appropriate services for each child for whom an adjustment factor is claimed.

SEC. 6. Section 8289 of the Education Code is amended to read:

8289. (a) The State Department of Education shall disburse augmentations to the base allocation for the expansion of child care and development programs to promote equal access to child development services across the state.

(b) The Superintendent of Public Instruction shall use the formula developed pursuant to subdivision (c) and the priorities identified by local child care and development planning councils, unless those priorities do not meet the requirements of state or federal law, as a guide in disbursing augmentations pursuant to subdivision (a).

(c) The Superintendent of Public Instruction shall develop a formula for prioritizing the disbursement of augmentations pursuant to this section. The formula shall give priority to allocating funds to underserved areas. The Superintendent of Public Instruction shall develop the formula by using the definition of "underserved area" in subdivision (af) of Section 8208 and direct impact indicators of need for child care and development services in the county or subcounty areas. For purposes of this section, "subcounty areas" include, but are not limited to, school districts, census tracts, or ZIP Code areas that are deemed by the Superintendent of Public Instruction to be most appropriate to the type of program receiving an augmentation. Direct impact indicators of need may include, but are not limited to, the teenage

pregnancy rate, the unemployment rate, area household income, or the number or percentage of families receiving public assistance, eligible for Medi-Cal, or eligible for free or reduced-price school meals, and any unique characteristics of the population served by the type of program receiving an augmentation.

(d) To promote equal access to services, the Superintendent of Public Instruction shall include in guidelines developed for use by local planning councils pursuant to subdivision (d) of Section 8499.5 guidance on identifying underserved areas and populations within counties. This guidance shall include reference to the direct impact indicators of need described in subdivision (c).

SEC. 7. Section 8468 of the Education Code is repealed.

SEC. 8. Section 8499.3 of the Education Code is amended to read:

8499.3. (a) It is the intent of the Legislature that local child care and development planning councils shall provide a forum for the identification of local priorities for child care and the development of policies to meet the needs identified within those priorities.

(b) The county board of supervisors and the county superintendent of schools shall do both of the following:

(1) Select the members of the local planning council. Before making selections pursuant to this subdivision, the board of supervisors and the county superintendent of schools shall publicize their intention to select the members and shall invite local organizations to submit nominations. In counties in which the superintendent is appointed by the county board of education, the county board of education may make the appointment or may delegate that responsibility to the superintendent.

(2) Establish the term of appointment for the members of the local planning council.

(c) (1) The local planning council shall be comprised as follows:

(A) Twenty percent of the membership shall be consumers.

(B) Twenty percent of the membership shall be child care providers, reflective of the range of child care providers in the county.

(C) Twenty percent of the membership shall be public agency representatives.

(D) Twenty percent of the membership shall be community representatives, who shall not be child care providers or agencies that contract with the department to provide child care and development services.

(E) The remaining 20 percent shall be appointed at the discretion of the appointing agencies.

(2) The board of supervisors and the superintendent of schools shall each appoint one-half of the members. In the case of uneven membership, both appointing entities shall agree on the odd-numbered appointee.



(d) Every effort shall be made to ensure that the ethnic, racial, and geographic composition of the local planning council is reflective of the ethnic, racial, and geographic distribution of the population of the county.

(e) The board of supervisors and county superintendent of schools may designate an existing child care planning council or coordinated child and family services council as the local planning council, as long as it has or can achieve the representation set forth in this section.

(f) Upon establishment of a local planning council, the local planning council shall elect a chair and select a staff.

(g) Each local planning council shall develop and implement a training plan to provide increased efficiency, productivity, and facilitation of local planning council meetings. This may include developing a training manual, hiring facilitators, and identifying strategies to meet the objectives of the council.

(h) No member of a local planning council shall participate in a vote if he or she has a proprietary interest in the outcome of the matter being voted upon.

SEC. 9. Section 8499.5 of the Education Code is amended to read:

8499.5. (a) The department shall allocate child care funding pursuant to Chapter 2 (commencing with Section 8200) based on the amount of state and federal funding that is available.

(b) By May 30 of each year, upon approval by the county board of supervisors and the county superintendent of schools, each local planning council shall submit to the department the local priorities it has identified that reflect all child care needs in the county. To accomplish this, each local planning council shall do all of the following:

(1) Conduct an assessment of child care needs in the county no less than once every five years. The department shall define and prescribe data elements to be included in the needs assessment and shall specify the format for the data reporting. The needs assessment shall also include all factors deemed appropriate by the local planning council in order to obtain an accurate picture of the comprehensive child care needs in the county. The factors shall include, but not be limited to, all of the following:

(A) The needs of families eligible for subsidized child care.

(B) The needs of families not eligible for subsidized child care.

(C) The waiting lists for programs funded by the department and the State Department of Social Services.

(D) The need for child care for children determined by the child protective services agency to be neglected, abused, or exploited, or at risk of being neglected, abused, or exploited.

(E) The number of children in families receiving public assistance, including food stamps, housing support, and MediCal, and assistance



from the Healthy Families Program and the Temporary Assistance to Needy Families (TANF) program.

(F) Family income among families with preschool or schoolage children.

(G) The number of children in migrant agricultural families who move from place to place for work or who are currently dependent for their income on agricultural employment in accordance with subdivision (a) of, and paragraphs (1) and (2) of subdivision (b) of, Section 8231.

(H) The number of children who have been determined by a regional center to require services pursuant to an individualized family service plan, or by a local education agency to require services pursuant to an individualized education program or an individualized family service plan.

(I) The number of children in the county by primary language pursuant to the department's language survey.

(J) Special needs based on geographic considerations, including rural areas.

(K) The number of children needing child care services by age cohort.

(2) Document information gathered during the needs assessment which shall include, but need not be limited to, data on supply, demand, cost, and market rates for each category of child care in the county.

(3) Encourage public input in the development of the priorities. Opportunities for public input shall include at least one public hearing during which members of the public can comment on the proposed priorities.

(4) Prepare a comprehensive countywide child care plan designed to mobilize public and private resources to address identified needs.

(5) Conduct a periodic review of child care programs funded by the department and the Department of Social Services to determine if identified priorities are being met.

(6) Collaborate with subsidized and nonsubsidized child care providers, county welfare departments, human service agencies, regional centers, job training programs, employers, integrated child and family service councils, local and state children and families commissions, parent organizations, early start family resource centers, family empowerment centers on disability, local child care resource and referral programs, and other interested parties to foster partnerships designed to meet local child care needs.

(7) Design a system to consolidate local child care waiting lists, if a centralized eligibility list is not already in existence.

(8) Coordinate part-day programs, including state preschool and Head Start, with other child care and development services to provide full-day child care.

(9) Submit the results of the needs assessment and the local priorities identified by the local planning council to the board of supervisors and the county superintendent for approval before submitting them to the department.

(10) Identify at least one, but not more than two, members to serve as part of the department team that reviews and scores proposals for the provision of services funded through contracts with the department. Local planning council representatives shall not review and score proposals from the geographic area covered by their own local planning council. The department shall notify each local planning council whenever this opportunity is available.

(c) The department shall, in conjunction with the Department of Social Services and all appropriate statewide agencies and associations, develop guidelines for use by local planning councils to assist them in conducting needs assessments that are reliable and accurate. The guidelines shall include acceptable sources of demographic and child care data, and methodologies for assessing child care supply and demand.

(d) The department shall allocate funding within each county in accordance with the priorities identified by the local planning council of that county and submitted to the department pursuant to this section, unless the priorities do not meet the requirements of state or federal law.

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## CHAPTER 436

An act to amend Sections 14030.1, 14030.2, 14037.6, 14045, 14075, and 14076 of the Corporations Code, and to amend and renumber Section 15346.10 of, and to repeal Section 15346.12 of, the Government Code, relating to economic development, and making an appropriation therefor.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 14030.1 of the Corporations Code is amended to read:

14030.1. (a) There is hereby created in the State Treasury the Small Business Disaster Recovery Loan Loss Reserve Account, as part of the expansion fund. This account shall be used to pay for unrecovered losses resulting from loan guarantees issued pursuant to subdivision (a) of Section 14075 and subdivision (b) of this section and disaster loan

guarantees issued prior to the effective date of this section that are in default. Any lending institution that issues a low-interest loan that is guaranteed by resources in this account shall be fully reimbursed for the guaranteed portion of principal and interest that result from a loan or loans that are in default. If there are insufficient funds in this account to fully satisfy all claimants, the full faith of the resources in the General Fund are pledged to satisfy the obligations of this account. This account may only guarantee as much loan dollar value as is specifically authorized by the Director of Finance with the concurrence of the Governor. This account shall receive all moneys transferred pursuant to Section 14037.6, and any unencumbered balances transferred to the California Small Business Expansion Fund pursuant to Chapters 11 and 12 of the Statutes of 1989, First Extraordinary Session, and Chapter 1525 of the Statutes of 1990, as of July 1, 1992.

(b) The Governor should utilize this authority to prevent business insolvencies and loss of employment in an area affected by a state of emergency within the state and declared a disaster by the President of the United States, by the Administrator of the United States Small Business Administration, or by the United States Secretary of Agriculture or declared to be in a state of emergency by the Governor of California.

SEC. 2. Section 14030.2 of the Corporations Code is amended to read:

14030.2. (a) The director may establish accounts within the expansion fund for loan guarantees and surety bond guarantees, including loan loss reserves. Each account is a legally separate account, and shall not be used to satisfy loan or surety bond guarantees or other obligations of another corporation. The director shall recommend whether the expansion fund and corporate fund accounts are to be leveraged, and if so, by how much. Upon the request of the corporation, the director's decision may be repealed or modified by a board resolution.

(b) Annually, not later than January 1 of each year commencing January 1, 1996, the director shall prepare a report regarding the loss experience for the expansion fund for loan guarantees and surety bond guarantees for the preceding fiscal year. At a minimum, the report shall also include data regarding numbers of surety bond and loan guarantees awarded through the expansion fund, including ethnicity and gender data of participating contractors and other entities, and experience of surety insurer participants in the bond guarantee program. The director shall submit that report to the Secretary of Technology, Trade, and Commerce for transmission to the Governor and the Legislature.

SEC. 3. Section 14037.6 of the Corporations Code is amended to read:

14037.6. (a) (1) The Director of Finance, with the approval of the Governor, may transfer moneys in the Special Fund for Economic Uncertainties to the California Small Business Expansion Fund for use by the Office of Small Business in the Technology, Trade, and Commerce Agency, in an amount necessary to make loan guarantees pursuant to this chapter. However, no more than five million dollars (\$5,000,000) may be transferred pursuant to this section in connection with any single declared disaster.

(2) The Director of Finance, or his or her designee, within 30 days of any transfer made pursuant to this section, shall provide notice of the amount of the transfer to the Chair of the Joint Legislative Budget Committee and the chair of the committee in each house that considers appropriations.

(b) The Governor should utilize this authority to prevent business insolvencies and loss of employment in an area affected by a state of emergency within the state and declared a disaster by the President of the United States or by the Administrator of the United States Small Business Administration, or by the United States Secretary of Agriculture or declared to be in a state of emergency by the Governor of California.

(c) This section shall remain in effect until January 1, 2007, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2007, deletes or extends that date.

SEC. 4. Section 14045 of the Corporations Code is amended to read:

14045. Upon approval by the director to become a corporation, the entity shall adopt or amend its articles of incorporation to comply with the following:

(a) The name of the corporation shall include the words "small business financial development corporation," except for those corporations formed pursuant to this part prior to 2002, which may also be called "small business development corporations," or those formed prior to 1985, which may also be called "rural or urban development corporations."

(b) The purposes for which the corporation is formed, which shall be those specified in Section 14002. This requirement shall not be deemed to preclude a statement of powers.

(c) A geographical description of the corporation's service area.

(d) The name and addresses of seven or more persons who are to act in the capacity of directors until the selection of their successors.

(e) That the corporation is organized pursuant to the California Small Business Financial Development Corporation Law.

SEC. 5. Section 14075 of the Corporations Code is amended to read:

14075. (a) A corporation may, in an area declared to be in a state of emergency by the Governor, provide loan guarantees from funds

allocated in Section 14037.5 to small businesses, small farms, nurseries, and agriculture-related enterprises that have suffered actual physical damage or significant economic injury as a result of the disaster.

(b) The agency may adopt regulations to implement the loan guarantee program authorized by this section. The agency may adopt these regulations as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of the Government Code, and for purposes of that chapter, including Section 11349.6 of the Government Code, the adoption of the regulations shall be considered by the Office of Administrative Law to be necessary for the immediate preservation of the public peace, health and safety, and general welfare. Notwithstanding subdivision (e) of Section 11346.1 of the Government Code, the regulations shall be repealed within 180 days after their effective date unless the agency complies with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of the Government Code, as provided in subdivision (e) of Section 11346.1 of the Government Code.

(c) Allocations pursuant to subdivision (a) shall be deemed to be for extraordinary emergency or disaster response operations costs incurred by the office.

SEC. 6. Section 14076 of the Corporations Code is amended to read:

14076. (a) It is the intent of the Legislature that the corporations make maximal use of their statutory authority to guarantee loans and surety bonds, including the authority to secure loans with a minimum loan loss reserve of only 25 percent, unless the office authorizes a higher leverage ratio for an individual corporation pursuant to subdivision (c) of Section 14037, so that the financing needs of small business may be met as fully as possible within the limits of corporations' loan loss reserves. The agency shall report annually to the Legislature on the financial status of the corporations and their portfolio of loans and surety bonds guaranteed.

(b) Any corporation that serves an area declared to be in a state of emergency by the Governor or a disaster area by the President of the United States, the Administrator of the United States Small Business Administration, or the United States Secretary of Agriculture shall increase the portfolio of loan guarantees where the dollar amount of the loan is less than one hundred thousand dollars (\$100,000), so that at least 15 percent of the dollar value of loans guaranteed by the corporation is for those loans. The corporation shall comply with this requirement within one year of the date the emergency or disaster is declared. Upon application of a corporation, the director may waive or modify the rule for the corporation if the corporation demonstrates that it made a good faith effort to comply and failed to locate lending institutions in the

region that the corporation serves that are willing to make guaranteed loans in that amount.

SEC. 7. Section 15346.10 of the Government Code, as added by Chapter 425 of the Statutes of 1999, is amended and renumbered to read:

15346.11. The Technology, Trade, and Commerce Agency, with input and assistance from the council, shall establish a Defense Retention Grant Program to grant funds to communities with military bases to assist them in developing a retention strategy. The agency may use grant criteria similar to those for existing defense conversion grant programs as a basis for developing the new grant program. To discourage multiple grant applications for individual defense installations in a region, the criteria shall be drafted to encourage a single application for grant funds to develop, where appropriate, a single, regional defense retention strategy. The structure, requirements, administration, and funding procedures of the grant program shall be submitted to the Legislature for review at least 90 days prior to making the first grant disbursement. The agency may make no grant award without the local community providing at least 50 percent or more in matching funds or in-kind services.

SEC. 8. Section 15346.12 of the Government Code, as added by Chapter 952 of the Statutes of 1998, is repealed.

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## CHAPTER 437

An act to add Article 16.1 (commencing with Section 1758.6) to Chapter 5 of Part 2 of Division 1 of the Insurance Code, relating to insurance.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Article 16.1 (commencing with Section 1758.6) is added to Chapter 5 of Part 2 of Division 1 of the Insurance Code, to read:

### Article 16.1. Limited License for Retail Vendors of Communications Equipment

1758.6. No communications equipment vendor shall offer or sell any form of communications equipment insurance in this state unless that person is licensed as an insurance agent or broker pursuant to Article 3 (commencing with Section 1631) or has complied with the

requirements of this article and has been issued a license by the commissioner as provided in this article.

1758.61. The commissioner may issue to an applicant that has complied with the requirements of this article a communications equipment insurance agent license that authorizes the licensee to offer or sell insurance in connection with, and incidental to, the sale of communications equipment or the sale or provision of service for communications equipment by a retail vendor.

1758.62. (a) An applicant for a communications equipment insurance agent license under this article shall submit all of the following to the commissioner:

(1) A written application for licensure, signed by the applicant or an officer of the applicant, in the form prescribed by the commissioner.

(2) A certificate by the insurer that is to be named in the communications equipment insurance license, stating that the insurer has satisfied itself that the named applicant is trustworthy and competent to act as its insurance agent limited to this purpose and that the insurer will appoint the applicant to act as its agent to transact the kind or kinds of insurance that are permitted by this article, if the communications equipment insurance agent license applied for is issued by the commissioner. The certification shall be subscribed by an officer or managing agent of the insurer on a form prescribed by the commissioner.

(3) An application fee, and for each license period thereafter, a renewal fee, in an amount or amounts determined by the department as sufficient to defray the department's actual cost of processing the application or renewal and implementing this article. The limitation on fee increases of 10 percent without prior approval of the Legislature set forth in Section 12978 shall not apply to the application or renewal fee set forth in this subdivision during the years 2003, 2004, and 2005.

(b) Notwithstanding any other provision of law to the contrary, the provisions set forth in Sections 1667, 1668, 1668.5, 1669, 1670, 1738, and 1739 apply to any application for or issuance of a license pursuant to this article.

(c) Costs associated with any enforcement action or investigation shall be paid for by the person or organization licensed pursuant to this article.

1758.63. (a) An employee of a communications equipment vendor or franchisee of a communications equipment vendor that has been issued a communications equipment agent license pursuant to this article may be an endorsee authorized to offer insurance products under the authority of the communications equipment insurance agent license if all of the following conditions have been met:

(1) The employee is 18 years of age or older.



(2) The communications equipment vendor, at the time it submits its communications equipment agent's license application pursuant to Section 1758.62, also establishes a list of the names of all endorsees to its communications equipment agent license. The list shall be maintained by the communications equipment vendor in a form prescribed by, or format acceptable to, the commissioner, and shall be updated annually. The list shall be retained by the communications equipment vendor for three years and made available to the commissioner for review and inspection.

(3) The communications equipment vendor submits to the commissioner with its initial communications equipment agent license application and annually thereafter a certification, subscribed by an officer of the company on a form prescribed by the commissioner, stating all of the following:

(A) The number of endorsees offering insurance products under the authority of the communications equipment agent license for the applicable period.

(B) A statement that no person other than an endorsee sells or offers insurance on its behalf.

(C) That all endorsees offering insurance have completed training as required by this article.

(b) Each communications equipment vendor licensed pursuant to this article shall provide for the training of its endorsees under a program developed by a licensed fire and casualty broker or agent prior to allowing its endorsees to offer or sell insurance products. The training shall meet the following minimum standards:

(1) Each communications equipment agent endorsee shall receive instruction about the types of insurance specified in subdivision (d) of Section 1758.69 that are offered for sale to prospective customers.

(2) Each communications equipment agent endorsee shall receive training about ethical sales practices.

(3) Each communications equipment agent endorsee shall receive training about the disclosures to be given to prospective customers pursuant to Section 1758.66.

(c) The training materials used by or on behalf of the communications equipment vendor to train its endorsees shall be submitted to the department by the licensed fire and casualty agent or broker that develops the materials at the time the licensee applies for its communications equipment insurance agent license. Any changes to previously submitted training materials shall be submitted to the department with the changes highlighted at least 30 days prior to their use by the licensee. Training materials and changes to those materials submitted to the department pursuant to this subdivision shall be deemed approved for use by the company unless it is notified by the department



to the contrary. Failure by the communications equipment licensee to submit training materials or changes for department review or use of unapproved or disapproved training materials shall constitute grounds for denial of an application for a license, nonrenewal of a license, or suspension of a license, as appropriate.

(d) The retraining of endorsees shall be conducted whenever there is a material change in the insurance products sold that requires modification of the training materials, but in no event less frequently than every two years for each endorsee.

1758.64. (a) The manager at each location of a communications equipment vendor or a franchisee of a communications equipment vendor licensed pursuant to this article, or the direct supervisor of the vendor's endorsees at each location or region shall be an endorsee and shall be responsible for the supervision of each additional endorsee at that location or in that region. Each licensee shall identify the endorsee who is the manager or supervisor at each location or region for the purposes of this article.

(b) An endorsee may act on behalf of and under the supervision of the communications equipment agent in matters relating to transacting insurance under that agent's license. The conduct of an endorsee of a communications equipment agent acting within the scope of employment or agency shall be deemed the conduct of the communications equipment agent for purposes of this article.

1758.65. (a) If a licensee or endorsee violates any provision of this article or any other provision of this code, the commissioner may do any of the following:

(1) After notice and hearing, suspend or revoke the license of the communications equipment insurance agent.

(2) After notice and hearing, impose fines on the communications equipment insurance agent for its conduct or that of its endorsees.

(3) After notice and hearing, impose other penalties that the commissioner deems necessary and convenient to carry out the purpose of this code, including suspending the privilege of transacting communications equipment insurance pursuant to this article at specific business locations where violations have occurred, imposing fines on the communications equipment insurance agent, and suspending or revoking the endorsement of individual endorsees or manager endorsees.

(b) If any person sells insurance in connection with, or incidental to, the sale of communications equipment or the sale or provision of service for communications equipment, or holds himself or herself or an organization out as a communications equipment insurance agent without obtaining the license required by this article, or as being an endorsee when that person is not an endorsee, or as being licensed

pursuant to Chapter 5 (commencing with Section 1631) without obtaining that license, the commissioner may issue a cease and desist order pursuant to Section 12921.8.

(c) Notwithstanding any other provision of law to the contrary, the provisions of Section 1748.5 are applicable to both the organization issued a license pursuant to this article and any endorsee to that license.

1758.66. A communications equipment insurance agent shall not sell insurance pursuant to this article by unsolicited telephone calls or otherwise unless, at the time of sale, or reasonably thereafter with respect to a sale or enrollment occurring by telephone, all of the following conditions are satisfied:

(a) The communications equipment insurance agent provides brochures or other written materials to the prospective purchaser that do all of the following:

(1) Summarize the material terms and conditions of coverage offered, including the identity of the insurer.

(2) Describe the process for filing a claim, including a toll-free telephone number to report a claim.

(3) Disclose any additional information on the price, benefits, exclusions, conditions, or other limitations of those policies that the commissioner may, by rule, prescribe.

(4) Provide the name, address, telephone number, and license number of the licensee or the fire and casualty broker-agent appointed by the insurer issuing communications equipment insurance coverage to the licensee, as well as the department's toll-free consumer hotline.

(b) The communications equipment insurance agent or its endorsees makes all of the following disclosures, which shall be acknowledged in writing by the purchaser, or displayed by clear and conspicuous signs that are posted at every location where contracts are executed, such as the counter where the purchaser signs the service agreement, or provided in writing to the purchaser:

(1) That the purchase by the customer of the kinds of insurance prescribed in this article is not required in order to purchase communications equipment or service.

(2) That the insurance policies offered by the communications equipment insurance agent may provide a duplication of coverage already provided by other insurance policies covering the purchaser.

(3) That the endorsee of the communications equipment agent is not qualified or authorized to evaluate the adequacy of the purchaser's existing insurance coverages, unless that person is licensed pursuant to Article 3 (commencing with Section 1631).

(4) That the customer may cancel the insurance at any time. If the customer cancels any unearned premium will be refunded in accordance with applicable law.

(c) The material terms and conditions of coverage are provided to every person who elects to purchase that coverage.

(d) Costs for the insurance are separately itemized in any billing statement for the insurance.

(e) The insurance is provided under an individual policy issued to the purchaser, or under a group or master policy issued to an organization licensed as a communications equipment insurance agent by an insurer authorized to transact the applicable kinds or types of insurance in this state.

1758.661. A licensee shall not be required to treat moneys collected from consumers purchasing insurance pursuant to this article as funds received in a fiduciary capacity if the insurer represented by the licensee has provided in writing that the funds need not be segregated from funds received by the communications equipment vendor on account of the sale of communications equipment and the charges for insurance coverage are itemized and incorporated as part of the customer's bill.

1758.67. Under the authority of the communications equipment insurance agent license, a communications equipment insurance agent shall not do any of the following:

(a) Offer to sell insurance except in conjunction with, and incidental to, the sale of communications equipment or the sale or provision of service for communications equipment.

(b) Advertise, represent, or otherwise portray itself or its employees or endorsees as licensed insurers or fire and casualty broker-agents.

(c) Pay any endorsee any compensation, fee, or commission dependent on the placement of insurance under the agent's license. Nothing in this code shall prohibit the payment of a performance-related incentive. For purposes of this subdivision, a "performance-related incentive" is money or other tangible or intangible items of value paid or given to any endorsee of the licensee which is not based solely on the offering or selling of the insurance products listed in subdivision (d) of Section 1758.69.

1758.68. Any insurer that provides insurance to be sold by an organization licensed as a communications equipment insurance agent shall file a copy of any individual policy issued to a purchaser, or any policy or certificate issued under a group or master policy to an organization licensed as a communications equipment insurance agent, with the commissioner, who shall make that policy available to the public.

1758.69. As used in this article, the following definitions have the following meanings:

(a) "Enrollment" means the process of soliciting or accepting enrollments or applications from a consumer under a communications equipment insurance policy, which includes informing the consumer of

the availability of coverage, preparing and delivery of the certificate of insurance or notice of proposed insurance, or otherwise assisting the consumer in making an informed decision whether or not to elect to purchase communications equipment insurance.

(b) "Communications equipment" means handsets, pagers, personal digital assistants, portable computers, cellular telephones, batteries, and other devices or their accessories used to originate or receive communications signals or service; however, the term does not include telecommunications switching equipment, transmission wires, cell site transceiver equipment, or other equipment and systems used by telecommunications companies to provide telecommunications service to consumers.

(c) "Communications equipment insurance agent license" means an agent license issued to an individual or organization for the enrollment and sale of communications equipment insurance.

(d) "Communications equipment insurance" means insurance issued to cover the loss, theft, mechanical failure, or malfunction of or damage to communications equipment.

(e) "Communications equipment vendor" means any person in the business of selling, reselling, soliciting, or leasing communications equipment or communications equipment service to customers.

(f) "Endorsee" means an unlicensed employee of a communications equipment insurance agent who meets the requirements of this article.

(g) (1) "License period" means all of that two-year period beginning as described in subparagraph (A) or (B) of paragraph (2), as applicable, and ending the second succeeding year on the last calendar day of the month in which the initial license was issued.

(2) A license period shall be determined for each person as follows:

(A) Upon initial licensing, the license period shall start on the date the license is issued.

(B) Subsequently, the license period shall start on the first day following the month in which the initial license was issued.

(3) A license shall be renewed on or before the expiration date of the license period.

1758.691. Nothing in this article regulating the sale of communications equipment insurance shall be construed to impair or impede the application of any other law regulating the sale of communications equipment insurance.

1758.692. (a) Not less than 60 days before a permanent license will expire, the commissioner may mail, to the latest address appearing on his or her records, an application to the licensee to renew the license of a communications equipment insurance agent and any endorsees for the appropriate succeeding license term. It is the licensee's responsibility to renew, whether or not a renewal notice is received.

(b) The commissioner may accept a late renewal without penalty, provided that the licensee's failure to comply is due to a clerical error or inadvertence.

(c) An application for renewal of a license may be filed on or before the expiration date. An application for renewal of an expired license may be filed after the expiration date and until that same month and date of the next succeeding year.

(d) The commissioner shall impose a penalty fee equal to one-half of the renewal fee for the communications equipment insurance agent license and any endorsees for any renewal that is filed after the expiration date of the license.

1758.693. (a) This article shall become operative only upon a determination by the commissioner that the personnel positions needed to carry out the provisions of this article are in existence or have been authorized in the Budget Act of 2002 or a subsequent budget act.

(b) On and after January 1, 2003, the commissioner may accept applications from communications equipment vendors seeking licensure pursuant to this article. However, the commissioner shall not act upon the applications. If, prior to April 30, 2003, the commissioner receives 50 applications or less, the commissioner shall be deemed to have sufficient personnel to carry out the provisions of this article and this article shall immediately become operative.

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.

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## CHAPTER 438

An act to amend Sections 14035, 14038, 14553.6, 14553.8, and 14554.8 of, and to repeal Section 14404 of, the Government Code, to amend Sections 10265 and 19100 of the Public Contract Code, to amend Section 21096 of the Public Resources Code, to amend Sections 21602, 21670.1, 21670.2, 21670.4, 21671.5, 21674, 21674.5, 21674.7, 21675, 21675.1, 21676, 21676.5, 21679, 21679.5, 21681, and 21702 of the Public Utilities Code, to amend Sections 150, 164.16, 170, and 216 of the Streets and Highways Code, and to amend Section 22656 of the Vehicle Code, relating to transportation.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 14035 of the Government Code is amended to read:

14035. (a) The department may enter into contracts with the National Railroad Passenger Corporation under Section 403(b) of the Rail Passenger Service Act of 1970 to provide commuter and intercity passenger rail services. The contracts may include, but are not limited to, the extension of intercity passenger rail services or the upgrading of commuter rail services.

(b) The department may contract with railroad corporations for the use of tracks and other facilities and the provision of passenger services on terms and conditions as the parties may agree.

(c) The department may construct, acquire, or lease, and improve and operate, rail passenger terminals and related facilities that provide intermodal passenger services along the following corridors: the San Diego-Los Angeles-Santa Barbara corridor, the San Francisco-San Jose-Monterey corridor, the Los Angeles-Riverside-San Bernardino-Calexico corridor, the San Jose-Oakland-Sacramento-Reno corridor, the Los Angeles-Bakersfield-Fresno-Stockton-Sacramento-Oakland corridor, and the Los Angeles-Santa Barbara-Oakland-Sacramento-Redding corridor.

(d) The department may enter into a contract with the National Railroad Passenger Corporation to provide additional trains over the San Joaquin route running between Bakersfield and Oakland and to extend the existing route to Sacramento.

(e) The Transportation Agency of Monterey County may be a party to any contract entered into under this section between the department and the National Railroad Passenger Corporation for passenger rail service along the San Francisco-San Jose-Monterey corridor.

SEC. 2. Section 14038 of the Government Code is amended to read:

14038. (a) The department may purchase, sell, and lease rail passenger cars and locomotives and other self-propelled rail vehicles.

(b) The department may acquire, lease, design, construct, and improve track lines and related facilities, and the department may contract with the private sector for the design, improvement, or construction of track lines and related facilities. If a railroad corporation refuses to allow improvements to tracks and related facilities, the Public Utilities Commission shall, within 60 days after application by the department, order the institution of those improvements, if it finds that

the improvements are necessary to the safety of the railroad corporation's employees, passengers, customers, and the public, and the operating efficiency of the service for which they are requested.

(c) Any facility or equipment acquired or improved by any entity with funds made available to it pursuant to this section shall become the property of that entity at the time and under the conditions as are agreed upon by the department in the agreement that makes the funds available to the entity. Section 10295 of the Public Contract Code does not apply to any agreement entered into pursuant to this section.

(d) The department shall deposit in the Passenger Equipment Acquisition Fund, for expenditure pursuant to Section 14066, the net proceeds from the sale of rail passenger cars and locomotives and other self-propelled rail vehicles.

SEC. 3. Section 14404 of the Government Code is repealed.

SEC. 4. Section 14553.6 of the Government Code is amended to read:

14553.6. Funds allocated to a State Transportation Improvement Program project under this chapter, including cost overruns and financing costs, shall be counted against the interregional improvement program share in the case of a project in the interregional improvement program and the county share for the county in which the project is located in the case of a project in a regional improvement program.

SEC. 5. Section 14553.8 of the Government Code is amended to read:

14553.8. Before notes are issued under this chapter, the commission, in cooperation with the department and the Department of Finance, shall consider and determine the appropriateness of the mechanism authorized by this chapter in comparison to other funding mechanisms, including, but not limited to, pay-as-you-go, federal advance construction, federal incremental advance construction, or other funding methods authorized under federal law to achieve maximum efficiency from the state's federal allocation of transportation funds.

SEC. 6. Section 14554.8 of the Government Code is amended to read:

14554.8. (a) Notwithstanding Section 13340 of the Government Code or any other provision of law, the amounts specified in the annual Budget Act as having been deposited in the State Highway Account in the State Transportation Fund from federal transportation funds, and pledged by the commission under this chapter, are hereby continuously appropriated, without regard to fiscal years, to the Treasurer for the purposes of, and in accordance with, this chapter.

(b) Funds that are subject to Section 1 or 2 of Article XIX of the California Constitution may be used as the state or local principal match



for any project that is eligible for federal matching funds and is funded pursuant to this chapter.

SEC. 7. Section 10265 of the Public Contract Code is amended to read:

10265. A claim pursuant to Part 3 (commencing with Section 900) of Division 3.6 of Title 1 of the Government Code is not required, but legal action on any claim shall be commenced within the time period specified in Section 10240.1. The department may compromise or otherwise settle any claims arising from the contract at any time.

SEC. 8. Section 19100 of the Public Contract Code is amended to read:

19100. (a) Presentation of a claim pursuant to Part 3 (commencing with Section 900) of Division 3.6 of Title 1 of the Government Code is not required to commence a legal action or arbitration proceeding for money or damages on a contract with the state, but any action or proceeding shall be commenced not later than six months after either of the following:

(1) The contracting agency's final written decision under contract claim provisions.

(2) The accrual of the cause of action, if there are no contract claim provisions.

(b) This section shall not apply to a claim that is subject to the provisions of Section 10240.1.

SEC. 8.5. Section 21096 of the Public Resources Code is amended to read:

21096. (a) If a lead agency prepares an environmental impact report for a project situated within airport land use compatibility plan boundaries, or, if an airport land use compatibility plan has not been adopted, for a project within two nautical miles of a public airport or public use airport, the Airport Land Use Planning Handbook published by the Division of Aeronautics of the Department of Transportation, in compliance with Section 21674.5 of the Public Utilities Code and other documents, shall be utilized as technical resources to assist in the preparation of the environmental impact report as the report relates to airport-related safety hazards and noise problems.

(b) A lead agency shall not adopt a negative declaration for a project described in subdivision (a) unless the lead agency considers whether the project will result in a safety hazard or noise problem for persons using the airport or for persons residing or working in the project area.

SEC. 9. Section 21602 of the Public Utilities Code is amended to read:

21602. (a) Subject to the terms and within the limits of special appropriations made by the Legislature, the department may render financial assistance by grant or loan, or both, to political subdivisions



jointly, in the planning, acquisition, construction, improvement, maintenance, or operation of an airport owned or controlled, or to be owned or controlled, by a political subdivision or subdivisions, if the financial assistance has been shown by public hearing to be appropriate to the proper development or maintenance of a statewide system of airports. Financial assistance may be furnished in connection with federal or other financial aid for the same purpose.

(b) Notwithstanding subdivision (a) of Section 21681, a city or county designated by the Airport Land Use Commission is eligible to compete for funds held in the Aeronautics Account in the State Transportation Fund on behalf of any privately owned, public use airport that is included in an airport land use compatibility plan. However, the city or county shall be eligible to compete for the funds only when zoning on the parcel is tantamount to a taking of all reasonable uses that might otherwise be permitted on the parcel. The eligible airport and aviation purposes are limited to those specified in paragraphs (4), (5), (6), (9), and (14) of subdivision (f) of Section 21681, and, further, any capital improvements or acquisitions shall become the property of the designated city or county. Matching funds pursuant to subdivision (a) of Section 21684 may include the in-kind contribution of real property, with the approval of the department.

(c) Any grant of funds held in the Aeronautics Account in the State Highway Account on behalf of any privately owned airports shall contain a covenant that the airport remain open for public use for 20 years. Any grant made to a city or county on behalf of a privately owned airport shall contain a payback provision based upon existing market value at the time the private airport ceases to be open for public use.

(d) Upon request, California Aid to Airports Program (CAAP) projects included within the adopted Aeronautics Program, may be funded in advance of the year programmed, with the concurrence of the department, in order to better utilize funds in the account.

(e) There is, in the Aeronautics Account in the State Transportation Fund, a subaccount for the management of funds for loans to local entities pursuant to this chapter. All funds for airport loans in the Special Deposit Fund are hereby transferred to the subaccount. With the approval of the Department of Finance, the department shall deposit in the subaccount all money received by the department from repayments of and interest on existing and future airport loans including, but not limited to, the sums of five hundred forty thousand dollars (\$540,000) in repayments from the General Fund due in July 1987, and July 1988, and may, upon appropriation, transfer additional funds from the Aeronautics Account in the State Transportation Fund to the subaccount as the department deems appropriate. Interest on money in the subaccount shall be credited to the subaccount as it accrues.

(f) Notwithstanding Section 13340 of the Government Code, the money in the subaccount created by subdivision (e) is hereby continuously appropriated to the department without regard to fiscal years for purposes of loans to political subdivisions for airport purposes.

SEC. 10. Section 21670.1 of the Public Utilities Code is amended to read:

21670.1. (a) Notwithstanding any other provision of this article, if the board of supervisors and the city selection committee of mayors in the county each makes a determination by a majority vote that proper land use planning can be accomplished through the actions of an appropriately designated body, then the body so designated shall assume the planning responsibilities of an airport land use commission as provided for in this article, and a commission need not be formed in that county.

(b) A body designated pursuant to subdivision (a) which does not include among its membership at least two members having an expertise in aviation, as defined in subdivision (e) of Section 21670, shall, when acting in the capacity of an airport land use commission, be augmented so that body, as augmented, will have at least two members having that expertise. The commission shall be constituted pursuant to this section on and after March 1, 1988.

(c) (1) Notwithstanding subdivisions (a) and (b), and subdivision (b) of Section 21670, if the board of supervisors of a county and each affected city in that county each makes a determination that proper land use planning pursuant to this article can be accomplished pursuant to this subdivision, then a commission need not be formed in that county.

(2) If the board of supervisors of a county and each affected city makes a determination that proper land use planning may be accomplished and a commission is not formed pursuant to paragraph (1), that county and the appropriate affected cities having jurisdiction over an airport, subject to the review and approval by the Division of Aeronautics of the department, shall do all of the following:

(A) Adopt processes for the preparation, adoption, and amendment of the airport land use compatibility plan for each airport that is served by a scheduled airline or operated for the benefit of the general public.

(B) Adopt processes for the notification of the general public, landowners, interested groups, and other public agencies regarding the preparation, adoption, and amendment of the airport land use compatibility plans.

(C) Adopt processes for the mediation of disputes arising from the preparation, adoption, and amendment of the airport land use compatibility plans.

(D) Adopt processes for the amendment of general and specific plans to be consistent with the airport land use compatibility plans.

(E) Designate the agency that shall be responsible of the preparation, adoption, and amendment of each airport land use compatibility plan.

(3) The Division of Aeronautics of the department shall review the processes adopted pursuant to paragraph (2), and shall approve the processes if the division determines that the processes are consistent with the procedure required by this article and will do all of the following:

(A) Result in the preparation, adoption, and implementation of plans within a reasonable amount of time.

(B) Rely on the height, use, noise, safety, and density criteria that are compatible with airport operations, as established by this article, and referred to as the Airport Land Use Planning Handbook, published by the division, and any applicable federal aviation regulations, including, but not limited to, Part 77 (commencing with Section 77.1) of Title 14 of the Code of Federal Regulations.

(C) Provide adequate opportunities for notice to, review of, and comment by the general public, landowners, interested groups, and other public agencies.

(4) If the county does not comply with the requirements of paragraph (2) within 120 days, then the airport land use compatibility plan and amendments shall not be considered adopted pursuant to this article and a commission shall be established within 90 days of the determination of noncompliance by the division and an airport land use compatibility plan shall be adopted pursuant to this article within 90 days of the establishment of the commission.

(d) A commission need not be formed in a county that has contracted for the preparation of airport land use compatibility plans with the Division of Aeronautics under the California Aid to Airports Program (Title 21 (commencing with Section 4050) of the California Code of Regulations), Project Ker-VAR 90-1, and that submits all of the following information to the Division of Aeronautics for review and comment that the county and the cities affected by the airports within the county, as defined by the airport land use compatibility plans:

(1) Agree to adopt and implement the airport land use compatibility plans that have been developed under contract.

(2) Incorporated the height, use, noise, safety, and density criteria that are compatible with airport operations as established by this article, and referred to as the Airport Land Use Planning Handbook, published by the division, and any applicable federal aviation regulations, including, but not limited to, Part 77 (commencing with Section 77.1) of Title 14 of the Code of Federal Regulations as part of the general and specific plans for the county and for each affected city.

(3) If the county does not comply with this subdivision on or before May 1, 1995, then a commission shall be established in accordance with this article.

(e) (1) A commission need not be formed in a county if all of the following conditions are met:

(A) The county has only one public use airport that is owned by a city.

(B) (i) The county and the affected city adopt the elements in paragraph (2) of subdivision (d), as part of their general and specific plans for the county and the affected city.

(ii) The general and specific plans shall be submitted, upon adoption, to the Division of Aeronautics. If the county and the affected city do not submit the elements specified in paragraph (2) of subdivision (d), on or before May 1, 1996, then a commission shall be established in accordance with this article.

SEC. 11. Section 21670.2 of the Public Utilities Code is amended to read:

21670.2. (a) Sections 21670 and 21670.1 do not apply to the County of Los Angeles. In that county, the county regional planning commission has the responsibility for coordinating the airport planning of public agencies within the county. In instances where impasses result relative to this planning, an appeal may be made to the county regional planning commission by any public agency involved. The action taken by the county regional planning commission on an appeal may be overruled by a four-fifths vote of the governing body of a public agency whose planning led to the appeal.

(b) By January 1, 1992, the county regional planning commission shall adopt the airport land use compatibility plans required pursuant to Section 21675.

(c) Sections 21675.1, 21675.2, and 21679.5 do not apply to the County of Los Angeles until January 1, 1992. If the airport land use compatibility plans required pursuant to Section 21675 are not adopted by the county regional planning commission by January 1, 1992, Sections 21675.1 and 21675.2 shall apply to the County of Los Angeles until the airport land use compatibility plans are adopted.

SEC. 12. Section 21670.4 of the Public Utilities Code is amended to read:

21670.4. (a) As used in this section, "intercounty airport" means any airport bisected by a county line through its runways, runway protection zones, inner safety zones, inner turning zones, outer safety zones, or sideline safety zones, as defined by the department's Airport Land Use Planning Handbook and referenced in the airport land use compatibility plan formulated under Section 21675.

(b) It is the purpose of this section to provide the opportunity to establish a separate airport land use commission so that an intercounty

airport may be served by a single airport land use planning agency, rather than having to look separately to the airport land use commissions of the affected counties.

(c) In addition to the airport land use commissions created under Section 21670 or the alternatives established under Section 21670.1, for their respective counties, the boards of supervisors and city selection committees for the affected counties, by independent majority vote of each county's two delegations, for any intercounty airport, may do either of the following:

(1) Establish a single separate airport land use commission for that airport. That commission shall consist of seven members to be selected as follows:

(A) One representing the cities in each of the counties, appointed by that county's city selection committee.

(B) One representing each of the counties, appointed by the board of supervisors of each county.

(C) One from each county having expertise in aviation, appointed by a selection committee comprised of the managers of all the public airports within that county.

(D) One representing the general public, appointed by the other six members of the commission.

(2) In accordance with subdivision (a) or (b) of Section 21670.1, designate an existing appropriate entity as that airport's land use commission.

SEC. 13. Section 21671.5 of the Public Utilities Code is amended to read:

21671.5. (a) Except for the terms of office of the members of the first commission, the term of office of each member shall be four years and until the appointment and qualification of his or her successor. The members of the first commission shall classify themselves by lot so that the term of office of one member is one year, of two members is two years, of two members is three years, and of two members is four years. The body that originally appointed a member whose term has expired shall appoint his or her successor for a full term of four years. Any member may be removed at any time and without cause by the body appointing that member. The expiration date of the term of office of each member shall be the first Monday in May in the year in which that member's term is to expire. Any vacancy in the membership of the commission shall be filled for the unexpired term by appointment by the body which originally appointed the member whose office has become vacant. The chairperson of the commission shall be selected by the members thereof.

(b) Compensation, if any, shall be determined by the board of supervisors.

(c) Staff assistance, including the mailing of notices and the keeping of minutes and necessary quarters, equipment, and supplies shall be provided by the county. The usual and necessary operating expenses of the commission shall be a county charge.

(d) Notwithstanding any other provisions of this article, the commission shall not employ any personnel either as employees or independent contractors without the prior approval of the board of supervisors.

(e) The commission shall meet at the call of the commission chairperson or at the request of the majority of the commission members. A majority of the commission members shall constitute a quorum for the transaction of business. No action shall be taken by the commission except by the recorded vote of a majority of the full membership.

(f) The commission may establish a schedule of fees necessary to comply with this article. Those fees shall be charged to the proponents of actions, regulations, or permits, shall not exceed the estimated reasonable cost of providing the service, and shall be imposed pursuant to Section 66016 of the Government Code. Except as provided in subdivision (g), after June 30, 1991, a commission that has not adopted the airport land use compatibility plan required by Section 21675 shall not charge fees pursuant to this subdivision until the commission adopts the plan.

(g) In any county that has undertaken by contract or otherwise completed airport land use compatibility plans for at least one-half of all public use airports in the county, the commission may continue to charge fees necessary to comply with this article until June 30, 1992, and, if the airport land use compatibility plans are complete by that date, may continue charging fees after June 30, 1992. If the airport land use compatibility plans are not complete by June 30, 1992, the commission shall not charge fees pursuant to subdivision (f) until the commission adopts the land use plans.

SEC. 14. Section 21674 of the Public Utilities Code is amended to read:

21674. The commission has the following powers and duties, subject to the limitations upon its jurisdiction set forth in Section 21676:

(a) To assist local agencies in ensuring compatible land uses in the vicinity of all new airports and in the vicinity of existing airports to the extent that the land in the vicinity of those airports is not already devoted to incompatible uses.

(b) To coordinate planning at the state, regional, and local levels so as to provide for the orderly development of air transportation, while at the same time protecting the public health, safety, and welfare.

(c) To prepare and adopt an airport land use compatibility plan pursuant to Section 21675.

(d) To review the plans, regulations, and other actions of local agencies and airport operators pursuant to Section 21676.

(e) The powers of the commission shall in no way be construed to give the commission jurisdiction over the operation of any airport.

(f) In order to carry out its responsibilities, the commission may adopt rules and regulations consistent with this article.

SEC. 15. Section 21674.5 of the Public Utilities Code is amended to read:

21674.5. (a) The Department of Transportation shall develop and implement a program or programs to assist in the training and development of the staff of airport land use commissions, after consulting with airport land use commissions, cities, counties, and other appropriate public entities.

(b) The training and development program or programs are intended to assist the staff of airport land use commissions in addressing high priority needs, and may include, but need not be limited to, the following:

(1) The establishment of a process for the development and adoption of airport land use compatibility plans.

(2) The development of criteria for determining airport land use planning boundaries.

(3) The identification of essential elements that should be included in the airport land use compatibility plans.

(4) Appropriate criteria and procedures for reviewing proposed developments and determining whether proposed developments are compatible with the airport use.

(5) Any other organizational, operational, procedural, or technical responsibilities and functions that the department determines to be appropriate to provide to commission staff and for which it determines there is a need for staff training or development.

(c) The department may provide training and development programs for airport land use commission staff pursuant to this section by any means it deems appropriate. Those programs may be presented in any of the following ways:

(1) By offering formal courses or training programs.

(2) By sponsoring or assisting in the organization and sponsorship of conferences, seminars, or other similar events.

(3) By producing and making available written information.

(4) Any other feasible method of providing information and assisting in the training and development of airport land use commission staff.

SEC. 16. Section 21674.7 of the Public Utilities Code is amended to read:

21674.7. An airport land use commission that formulates, adopts, or amends an airport land use compatibility plan shall be guided by



information prepared and updated pursuant to Section 21674.5 and referred to as the Airport Land Use Planning Handbook published by the Division of Aeronautics of the Department of Transportation.

SEC. 17. Section 21675 of the Public Utilities Code is amended to read:

21675. (a) Each commission shall formulate an airport land use compatibility plan that will provide for the orderly growth of each public airport and the area surrounding the airport within the jurisdiction of the commission, and will safeguard the general welfare of the inhabitants within the vicinity of the airport and the public in general. The airport land use compatibility plan shall include and shall be based on a long-range master plan or an airport layout plan, as determined by the Division of Aeronautics of the Department of Transportation, that reflects the anticipated growth of the airport during at least the next 20 years. In formulating an airport land use compatibility plan, the commission may develop height restrictions on buildings, specify use of land, and determine building standards, including soundproofing adjacent to airports, within the planning area. The airport land use compatibility plan shall be reviewed as often as necessary in order to accomplish its purposes, but shall not be amended more than once in any calendar year.

(b) The commission may include, within its airport land use compatibility plan formulated pursuant to subdivision (a), the area within the jurisdiction of the commission surrounding any federal military airport for all of the purposes specified in subdivision (a). This subdivision does not give the commission any jurisdiction or authority over the territory or operations of any military airport.

(c) The planning boundaries shall be established by the commission after hearing and consultation with the involved agencies.

(d) The commission shall submit to the Division of Aeronautics of the department one copy of the airport land use compatibility plan and each amendment to the airport land use compatibility plan.

(e) If an airport land use compatibility plan does not include the matters required to be included pursuant to this article, the Division of Aeronautics of the department shall notify the commission responsible for the airport land use compatibility plan.

SEC. 18. Section 21675.1 of the Public Utilities Code is amended to read:

21675.1. (a) By June 30, 1991, each commission shall adopt the airport land use compatibility plan required pursuant to Section 21675, except that any county that has undertaken by contract or otherwise completed airport land use compatibility plans for at least one-half of all public use airports in the county, shall adopt that airport land use compatibility plan on or before June 30, 1992.



(b) Until a commission adopts an airport land use compatibility plan, a city or county shall first submit all actions, regulations, and permits within the vicinity of a public airport to the commission for review and approval. Before the commission approves or disapproves any actions, regulations, or permits, the commission shall give public notice in the same manner as the city or county is required to give for those actions, regulations, or permits. As used in this section, "vicinity" means land that will be included or reasonably could be included within the airport land use compatibility plan. If the commission has not designated a study area for the airport land use compatibility plan, then "vicinity" means land within two miles of the boundary of a public airport.

(c) The commission may approve an action, regulation, or permit if it finds, based on substantial evidence in the record, all of the following:

(1) The commission is making substantial progress toward the completion of the airport land use compatibility plan.

(2) There is a reasonable probability that the action, regulation, or permit will be consistent with the airport land use compatibility plan being prepared by the commission.

(3) There is little or no probability of substantial detriment to or interference with the future adopted airport land use compatibility plan if the action, regulation, or permit is ultimately inconsistent with the airport land use compatibility plan.

(d) If the commission disapproves an action, regulation, or permit, the commission shall notify the city or county. The city or county may overrule the commission, by a two-thirds vote of its governing body, if it makes specific findings that the proposed action, regulation, or permit is consistent with the purposes of this article, as stated in Section 21670.

(e) If a city or county overrules the commission pursuant to subdivision (d), that action shall not relieve the city or county from further compliance with this article after the commission adopts the airport land use compatibility plan.

(f) If a city or county overrules the commission pursuant to subdivision (d) with respect to a publicly owned airport that the city or county does not operate, the operator of the airport is not liable for damages to property or personal injury resulting from the city's or county's decision to proceed with the action, regulation, or permit.

(g) A commission may adopt rules and regulations that exempt any ministerial permit for single-family dwellings from the requirements of subdivision (b) if it makes the findings required pursuant to subdivision (c) for the proposed rules and regulations, except that the rules and regulations may not exempt either of the following:

(1) More than two single-family dwellings by the same applicant within a subdivision prior to June 30, 1991.

(2) Single-family dwellings in a subdivision where 25 percent or more of the parcels are undeveloped.

SEC. 19. Section 21676 of the Public Utilities Code is amended to read:

21676. (a) Each local agency whose general plan includes areas covered by an airport land use compatibility plan shall, by July 1, 1983, submit a copy of its plan or specific plans to the airport land use commission. The commission shall determine by August 31, 1983, whether the plan or plans are consistent or inconsistent with the airport land use compatibility plan. If the plan or plans are inconsistent with the airport land use compatibility plan, the local agency shall be notified and that local agency shall have another hearing to reconsider its airport land use compatibility plans. The local agency may overrule the commission after the hearing by a two-thirds vote of its governing body if it makes specific findings that the proposed action is consistent with the purposes of this article stated in Section 21670.

(b) Prior to the amendment of a general plan or specific plan, or the adoption or approval of a zoning ordinance or building regulation within the planning boundary established by the airport land use commission pursuant to Section 21675, the local agency shall first refer the proposed action to the commission. If the commission determines that the proposed action is inconsistent with the commission's plan, the referring agency shall be notified. The local agency may, after a public hearing, overrule the commission by a two-thirds vote of its governing body if it makes specific findings that the proposed action is consistent with the purposes of this article stated in Section 21670.

(c) Each public agency owning any airport within the boundaries of an airport land use compatibility plan shall, prior to modification of its airport master plan, refer any proposed change to the airport land use commission. If the commission determines that the proposed action is inconsistent with the commission's plan, the referring agency shall be notified. The public agency may, after a public hearing, overrule the commission by a two-thirds vote of its governing body if it makes specific findings that the proposed action is consistent with the purposes of this article stated in Section 21670.

(d) Each commission determination pursuant to subdivision (b) or (c) shall be made within 60 days from the date of referral of the proposed action. If a commission fails to make the determination within that period, the proposed action shall be deemed consistent with the airport land use compatibility plan.

SEC. 20. Section 21676.5 of the Public Utilities Code is amended to read:

21676.5. (a) If the commission finds that a local agency has not revised its general plan or specific plan or overruled the commission by

a two-thirds vote of its governing body after making specific findings that the proposed action is consistent with the purposes of this article as stated in Section 21670, the commission may require that the local agency submit all subsequent actions, regulations, and permits to the commission for review until its general plan or specific plan is revised or the specific findings are made. If, in the determination of the commission, an action, regulation, or permit of the local agency is inconsistent with the airport land use compatibility plan, the local agency shall be notified and that local agency shall hold a hearing to reconsider its plan. The local agency may overrule the commission after the hearing by a two-thirds vote of its governing body if it makes specific findings that the proposed action is consistent with the purposes of this article as stated in Section 21670.

(b) Whenever the local agency has revised its general plan or specific plan or has overruled the commission pursuant to subdivision (a), the proposed action of the local agency shall not be subject to further commission review, unless the commission and the local agency agree that individual projects shall be reviewed by the commission.

SEC. 21. Section 21679 of the Public Utilities Code is amended to read:

21679. (a) In any county in which there is no airport land use commission or other body designated to assume the responsibilities of an airport land use commission, or in which the commission or other designated body has not adopted an airport land use compatibility plan, an interested party may initiate proceedings in a court of competent jurisdiction to postpone the effective date of a zoning change, a zoning variance, the issuance of a permit, or the adoption of a regulation by a local agency, that directly affects the use of land within one mile of the boundary of a public airport within the county.

(b) The court may issue an injunction that postpones the effective date of the zoning change, zoning variance, permit, or regulation until the governing body of the local agency that took the action does one of the following:

(1) In the case of an action that is a legislative act, adopts a resolution declaring that the proposed action is consistent with the purposes of this article stated in Section 21670.

(2) In the case of an action that is not a legislative act, adopts a resolution making findings based on substantial evidence in the record that the proposed action is consistent with the purposes of this article stated in Section 21670.

(3) Rescinds the action.

(4) Amends its action to make it consistent with the purposes of this article stated in Section 21670, and complies with either paragraph (1) or (2), whichever is applicable.

(c) The court shall not issue an injunction pursuant to subdivision (b) if the local agency that took the action demonstrates that the general plan and any applicable specific plan of the agency accomplishes the purposes of an airport land use compatibility plan as provided in Section 21675.

(d) An action brought pursuant to subdivision (a) shall be commenced within 30 days of the decision or within the appropriate time periods set by Section 21167 of the Public Resources Code, whichever is longer.

(e) If the governing body of the local agency adopts a resolution pursuant to subdivision (b) with respect to a publicly owned airport that the local agency does not operate, the operator of the airport shall be immune from liability for damages to property or personal injury from the local agency's decision to proceed with the zoning change, zoning variance, permit, or regulation.

(f) As used in this section, "interested party" means any owner of land within two miles of the boundary of the airport or any organization with a demonstrated interest in airport safety and efficiency.

SEC. 22. Section 21679.5 of the Public Utilities Code is amended to read:

21679.5. (a) Until June 30, 1991, no action pursuant to Section 21679 to postpone the effective date of a zoning change, a zoning variance, the issuance of a permit, or the adoption of a regulation by a local agency, directly affecting the use of land within one mile of the boundary of a public airport, shall be commenced in any county in which the commission or other designated body has not adopted an airport land use compatibility plan, but is making substantial progress toward the completion of the airport land use compatibility plan.

(b) If a commission has been prevented from adopting the airport land use compatibility plan by June 30, 1991, or if the adopted airport land use compatibility plan could not become effective, because of a lawsuit involving the adoption of the airport land use compatibility plan, the June 30, 1991, date in subdivision (a) shall be extended by the period of time during which the lawsuit was pending in a court of competent jurisdiction.

(c) Any action pursuant to Section 21679 commenced prior to January 1, 1990, in a county in which the commission or other designated body has not adopted an airport land use compatibility plan, but is making substantial progress toward the completion of the airport land use compatibility plan, which has not proceeded to final judgment, shall be held in abeyance until June 30, 1991. If the commission or other designated body adopts an airport land use compatibility plan on or before June 30, 1991, the action shall be dismissed. If the commission or other designated body does not adopt an airport land use compatibility

plan on or before June 30, 1991, the plaintiff or plaintiffs may proceed with the action.

(d) An action to postpone the effective date of a zoning change, a zoning variance, the issuance of a permit, or the adoption of a regulation by a local agency, directly affecting the use of land within one mile of the boundary of a public airport for which an airport land use compatibility plan has not been adopted by June 30, 1991, shall be commenced within 30 days of June 30, 1991, or within 30 days of the decision by the local agency, or within the appropriate time periods set by Section 21167 of the Public Resources Code, whichever date is later.

SEC. 23. Section 21681 of the Public Utilities Code is amended to read:

21681. As used in this article, the following terms have the following meanings:

(a) "Own and operate" means that the public entity shall own the property in fee simple or by a long-term lease of a minimum of 20 years, unless otherwise approved by the department, and shall maintain dominion and control of the property, except that the public entity may provide by contract with a person for the operation and management of an airport otherwise meeting the requirements of this article. Operations of the airport shall be for, and on behalf of, the public entity. All leases to the public entity of property are required to be approved by the department. A lease of the property by the public entity to an agent or agency other than to a public entity does not meet the criteria for participation in airport assistance funds.

(b) "Matching funds" means money that is provided by the public entity and does not consist of funds previously received from state or federal agencies or public entity funds previously used to match federal or state funds. This definition shall be retroactive to July 1, 1967.

(c) "General aviation" means all aviation except air carrier and military aviation.

(d) "Public entity" means any city, county, airport district, airport authority, port district, port authority, public district, public authority, political subdivision, airport land use commission, community services district, or public corporation and the University of California.

(e) "Public agency" means the various agencies of the State of California and the federal government.

(f) "Airport and aviation purposes" means expenditures of a capital improvement nature, including the repair or replacement of a capital improvement, and expenditures for compatible land use planning in the area surrounding an airport, for any of the following purposes:

(1) Land acquisition for development and improvement of general aviation aircraft landing facilities.

(2) Grading and drainage necessary for the construction or reconstruction of runways or taxiways.

(3) Construction or reconstruction of runways or taxiways.

(4) Acquisition of "runway protection zones" as defined in Federal Aviation Administration Advisory Circular 150/1500-13.

(5) Acquisition of easements through, or other interests in, airspace as may be reasonably required for safeguarding aircraft operations in the vicinity of an aircraft landing facility.

(6) Removal of natural obstructions from runway protection zones.

(7) Installation of "segmented circle airport marker systems" as defined in current regulations of the Federal Aviation Administration.

(8) Installation of runway, taxiway, boundary, or obstruction lights, together with directly related electrical equipment.

(9) Installation of minimum security fencing around the perimeter of an aircraft landing facility.

(10) Grading and drainage necessary to provide for parking of transient general aviation aircraft.

(11) Construction or reconstruction of transient general aviation aircraft parking areas.

(12) Servicing of revenue or general obligation bonds issued to finance capital improvements for airport and aviation purposes.

(13) Air navigational facilities.

(14) Engineering and preliminary engineering related directly to a project funded under this article.

(15) Other capital improvements as may be designated in rules and regulations adopted by the department.

(16) Activities of an airport land use commission in connection with the preparation of a new or updated airport land use compatibility plan pursuant to Section 21675. Expenditures that cannot be clearly identified as capital improvements shall be submitted to the department for consideration and approval.

(17) Airport master plans and airport layout plans.

(g) "Operation and maintenance" means expenditures for wages or salaries, utilities, service vehicles, and all other noncapital expenditures that are included in insurance, professional services, supplies, construction equipment, upkeep and landscaping, and other items of expenditure designated as "operation and maintenance" in rules and regulations adopted by the department.

(h) "Enplanement" means the boarding of an aircraft by a revenue passenger, including an original, stopover, or transfer boarding of the aircraft. For purposes of this subdivision, a stopover is a deliberate and intentional interruption of a journey by a passenger scheduled to exceed four hours in the case of an intrastate or interstate passenger or not to exceed 24 hours in the case of an international passenger at a point

between the point of departure and the point of destination, and a transfer is an occurrence at an intermediate point in an itinerary whereby a passenger or shipment changes from a flight of one carrier to another flight either of the same or a different carrier with or without a stopover.

SEC. 24. Section 21702 of the Public Utilities Code is amended to read:

21702. The California Aviation System Plan shall include, but not be limited to, all of the following elements:

(a) A background and introduction element, which summarizes aviation activity in California and establishes goals and objectives for aviation improvement.

(b) An air transportation issues element, which addresses issues such as aviation safety, airport noise, airport ground access, transportation systems management, airport financing, airport land use compatibility planning, and institutional relationships.

(c) A regional plan alternative element, which consists of the aviation elements of the regional transportation plans prepared by each transportation planning agency. This element shall include consideration of regional air transportation matters relating to growth, capacity needs, county activity, airport activity, and systemwide activity in order to evaluate adequately the overall impacts of regional activity in relation to the statewide air transportation system. This element shall propose general aviation and air carrier public use airports for consideration by the commission for funding eligibility under this chapter.

(d) A state plan alternative element, which includes consideration of statewide air transportation matters relating to growth, including, but not limited to, county activity, airport activity, and systemwide activity in order to evaluate adequately the state aviation system and to designate an adequate number of general aviation and air carrier public use airports for state funding in order to provide a level of air service and safety acceptable to the public.

(e) A comparative element, which compares and contrasts the regional plan alternative with the state plan alternative, including, but not limited to, airport noise, air quality, toxic waste cleanup, energy, economics, and passengers served.

(f) A 10-year capital improvement program, which is divided into two five-year phases for each airport, based on the airport's adopted master plan, prepared by each transportation planning agency, and submitted to the division for inclusion in the California Aviation System Plan.

(g) Any other element deemed appropriate by the division and the transportation planning agencies.



(h) A summary and conclusion element, which presents the findings and recommended course of action.

SEC. 25. Section 150 of the Streets and Highways Code is amended to read:

150. When the department, in cooperation with rapid transit districts, recommends that mass public transportation facilities should be located along a proposed freeway corridor in order to establish a planned balanced transportation system, the commission shall consider this recommendation in making its decision as to the location of the freeway.

If the commission determines that the location of mass public transportation facilities should be located along the proposed freeway corridor, it may also direct the department to plan, design, and construct the freeway so as to provide locations for those facilities, and the cost thereof shall be considered as part of the cost of constructing the state highway. In making this determination, the commission shall consider the extent to which the mass public transportation facilities will reduce the volume of traffic on the proposed freeway and the impact the joint development will have on community values. The commission shall also consider whether the rapid transit district has adopted a general plan for the development of its mass public transportation facilities and the likelihood as to whether sufficient funds will be available for the development of mass public transportation service in those locations. The commission shall authorize the department to provide those locations along federal-aid highways only in instances in which it has received assurances of full federal financial participation in the cost of providing those locations.

If mass public transportation facilities other than roadways and other facilities for use of buses are to be constructed and placed in use in those locations, the department may enter into agreements for the sale of the locations to transit districts for that use at a price equal to the market value of the property at the time of sale. If mass public transportation facilities are not placed in use in the locations provided within five years of completion of the freeway, the department may develop those locations for freeway purposes, or it may lease or otherwise dispose of the locations in accordance with the provisions of this code.

The department may, in cooperation with rapid transit districts, develop exclusive or preferential bus lanes in those locations in accordance with Section 149.

SEC. 26. Section 164.16 of the Streets and Highways Code is amended to read:

164.16. For purposes of Section 164.3, the eligible interregional and intercounty routes include all of the following:

Route 120, between Route 5 and Route 395.



Route 126, between the east urban limits of Oxnard-Ventura-Thousand Oaks and Route 5.

Route 127.

Route 128.

Route 129, between Route 1 and Route 101.

Route 132, west of Route 99.

Route 138, between Route 5 and Route 14 in Los Angeles County and between Route 14 in Los Angeles County and Route 18 near Crestline in San Bernardino County.

Route 139, between Route 299 and the Oregon state line.

Route 246, between Route 1 and Route 101.

SEC. 27. Section 170 of the Streets and Highways Code is amended to read:

170. Where it is estimated by the department that the work involved in a project to be constructed under the State Contract Act (Chapter 1 (commencing with Section 10100) of Part 2 of Division 2 of the Public Contract Code) will not be completed within a given fiscal year, the department, in the contract specifications, may provide a limitation upon the amounts that will be paid to the contractor during the first or second fiscal years of the construction period. Subject to this limitation, the contracts shall provide for the completion of the work and full payment therefor.

For the purposes of complying with Section 169, the department may include in any proposed budget, and the commission may allocate, at least the amounts with reference to those construction projects as would be payable during the fiscal year, together with all necessary engineering and other charges.

SEC. 28. Section 216 of the Streets and Highways Code is amended to read:

216. (a) The noise level produced by the traffic on, or by the construction of, a state freeway shall be measured in the classrooms, libraries, multipurpose rooms, and spaces used for pupil personnel services of a public or private elementary or secondary school if the rooms or spaces are being used for the purpose for which they were constructed and they were constructed under any of the following circumstances:

(1) Prior to the award of the initial construction contract for the freeway route and prior to January 1, 1974.

(2) After December 31, 1973, and prior to the issuance of a statement of present and projected noise levels of the freeway route by the department pursuant to subdivision (f) of Section 65302 of the Government Code.

(3) Subsequent to the construction of the freeway but prior to any alteration or expansion of the freeway that results in a significant and perceptible increase in ambient noise levels in the rooms or spaces.

(b) The measurements shall be made at appropriate times during regular school hours and shall not include noise from sources that exceed the maximum permitted by law.

(c) If the noise level produced from the freeway traffic, or the construction of the freeway, exceeds 55dBA, L10, or 52dBA, Leq., the department shall undertake a noise abatement program in any classroom, library, multipurpose room, or space used for pupil personnel services to reduce the freeway traffic noise level therein to 55dBA, L10, or 52dBA, Leq., or less, by, measures including, but not limited to, installing acoustical materials, eliminating windows, installing air-conditioning, or constructing sound baffle structures.

(d) If the department determines that the construction of the freeway will result in a noise level exceeding 55dBA, L10, or 52dBA, Leq., the department shall complete the temporary or permanent noise abatement program prior to commencing that construction, or as soon as practicable thereafter.

(e) If it becomes necessary to convert the classrooms, libraries, multipurpose rooms, or spaces used for pupil personnel services to other school-related purposes because the freeway traffic noise level therein exceeds 55dBA, L10, or 52dBA, Leq., the department shall pay the cost of the conversions.

(f) If the noise level generated from sources within and without the classrooms, libraries, multipurpose rooms, or spaces used for pupil personnel services exceeds 55dBA, L10, or 52dBA, Leq. prior to construction of the freeway or completion of the alteration or expansion of the freeway, as the case may be, and the noise from the freeway, or its construction, alteration, or expansion, also exceeds 55dBA, L10, or 52dBA, Leq., the department shall undertake a noise abatement program that will reduce the noise to its preconstruction, prealteration, or preexpansion level.

(g) Priority for noise abatement programs shall be given to those public and private elementary and secondary classrooms, libraries, multipurpose rooms, and spaces used for pupil personnel services constructed in conformance with Article 3 (commencing with Section 17280) of Chapter 3 of Part 10.5 of Division 1 of Title 1 of the Education Code or subject to paragraph (3) of subdivision (a).

(h) As used in this section, dBA means decibels measured by the "A" weighting described in Section 3.1 of the American National Standard specification for sound level meters, S1.4-1971, approved April 27, 1971, and published by the American National Standards Institute. L10 is the sound level that is exceeded 10 percent of the time for the period

under consideration and is a value which is an indicator of both the magnitude and frequency of occurrence of the loudest noise events. Leq. is the equivalent steady state sound which in a stated period of time would contain the same acoustic energy as the time-varying sound level during the same time period.

SEC. 29. Section 22656 of the Vehicle Code is amended to read:

22656. Any peace officer, as that term is defined in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code, may remove a vehicle from the right-of-way of a railroad, street railway, or light rail line located within the territorial limits in which the officer is empowered to act if the vehicle is parked or abandoned upon any track or within 7<sup>1</sup>/<sub>2</sub> feet of the nearest rail. The officer may also remove a vehicle that is parked beyond 7<sup>1</sup>/<sub>2</sub> feet of the nearest rail but within the right-of-way of a railroad, street railway, or light rail if signs are posted giving notice that vehicles may be removed.

SEC. 30. The Department of Transportation shall revise the existing designation of the Willard Murray Freeway from “the portion of State Highway Route 91 in the City of Compton from Alameda Road to Central Avenue” to “the segment of State Highway Route 91 between State Highway Route 605 and State Highway Route 110.”

SEC. 31. Any section of any act enacted by the Legislature during the 2002 calendar year that does both of the following shall prevail over this act, whether that act is enacted prior to, or subsequent to, the enactment of this act:

(a) Takes effect on or before January 1, 2003.

(b) Amends, amends and renumbers, adds, repeals and adds, or repeals a section that is amended, added, or repealed by this act.

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## CHAPTER 439

An act to amend Sections 11157 and 11320.3 of the Welfare and Institutions Code, relating to human services.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. The Legislature finds and declares that the impact of those provisions of existing law addressed by this act currently inhibits the educational achievement and future economic self-sufficiency of dependent children receiving benefits under the CalWORKs program.

SEC. 2. Section 11157 of the Welfare and Institutions Code is amended to read:

11157. (a) Notwithstanding Section 11008, all lump-sum income received by an applicant or recipient shall be regarded as income in the month received except nonrecurring lump-sum social insurance payments, which shall include social security income, railroad retirement benefits, veteran's benefits, worker's compensation, and disability insurance.

(b) Except as otherwise provided in this part, for purposes of this chapter and Chapter 2 (commencing with Section 11200), "income" shall be deemed to be the same as applied under the Aid to Families with Dependent Children program on August 21, 1996, except that the following shall be exempt from consideration as income:

(1) Income that is received too infrequently to be reasonably anticipated, as exempted in federal food stamp regulations.

(2) Income from college work-study programs under Title IV of the federal Higher Education Act or Article 18 (commencing with Section 69950) of Chapter 2 of Part 42 of the Education Code or college work-study program, as established in the annual Budget Act, for individuals receiving aid under Chapter 2 (commencing with Section 11200).

(3) Any award or scholarship provided by a public or private entity to, or on behalf of, a dependent child based on the child's academic or extracurricular achievement or participation in a scholastic, educational, or extracurricular competition.

SEC. 3. Section 11320.3 of the Welfare and Institutions Code is amended to read:

11320.3. (a) (1) Except as provided in subdivision (b) or if otherwise exempt, every individual, as a condition of eligibility for aid under this chapter, shall participate in welfare-to-work activities under this article.

(2) Individuals eligible under Section 11331.5 shall be required to participate in the Cal-Learn Program under Article 3.5 (commencing with Section 11331) during the time that article is operative, in lieu of the welfare-to-work requirements, and subdivision (b) shall not apply to that individual.

(b) The following individuals shall not be required to participate for so long as the condition continues to exist:

(1) An individual under 16 years of age.

(2) (A) A child attending an elementary, secondary, vocational, or technical school on a full-time basis.

(B) A person who is 16 or 17 years of age, or a person described in subdivision (d) who loses this exemption, shall not requalify for the exemption by attending school as a required activity under this article.

(C) Notwithstanding subparagraph (B), a person who is 16 or 17 years of age who has obtained a high school diploma or its equivalent and is enrolled or is planning to enroll in a postsecondary education, vocational, or technical school training program shall also not be required to participate for so long as the condition continues to exist.

(D) For purposes of subparagraph (C), a person shall be deemed to be planning to enroll in a postsecondary education, vocational, or technical school training program if he or she, or his or her parent, acting on his or her behalf, submits a written statement expressing his or her intent to enroll in such a program for the following term. The exemption from participation shall not continue beyond the beginning of the term, unless verification of enrollment is provided or obtained by the county.

(3) An individual who meets either of the following conditions:

(A) The individual is disabled as determined by a doctor's verification that the disability is expected to last at least 30 days and that it significantly impairs the recipient's ability to be regularly employed or participate in welfare-to-work activities, provided that the individual is actively seeking appropriate medical treatment.

(B) The individual is of advanced age.

(4) A nonparent caretaker relative who has primary responsibility for providing care for a child and is either caring for a child who is a dependent or ward of the court or caring for a child in a case in which a county determines the child is at risk of placement in foster care, and the county determines that the caretaking responsibilities are beyond those considered normal day-to-day parenting responsibilities such that they impair the caretaker relative's ability to be regularly employed or to participate in welfare-to-work activities.

(5) An individual whose presence in the home is required because of illness or incapacity of another member of the household and whose caretaking responsibilities impair the recipient's ability to be regularly employed or to participate in welfare-to-work activities.

(6) A parent or other relative who meets the criteria in subparagraph (A) or (B).

(A) (i) The parent or other relative has primary responsibility for personally providing care to a child six months of age or under, except that, on a case-by-case basis, and based on criteria developed by the county, this period may be reduced to the first 12 weeks after the birth or adoption of the child, or increased to the first 12 months after the birth or adoption of the child. An individual may be exempt only once under this clause.

(ii) An individual who received an exemption pursuant to clause (i) shall be exempt for a period of 12 weeks, upon the birth or adoption of any subsequent children, except that this period may be extended on a

case-by-case basis to six months, based on criteria developed by the county.

(iii) In making the determination to extend the period of exception under clause (i) or (ii), the following may be considered:

- (I) The availability of child care.
- (II) Local labor market conditions.
- (III) Other factors determined by the county.

(B) In a family eligible for aid under this chapter due to the unemployment of the principal wage earner, the exemption criteria contained in subparagraph (A) shall be applied to only one parent.

(7) A woman who is pregnant and for whom it has been medically verified that the pregnancy impairs her ability to be regularly employed or participate in welfare-to-work activities or the county has determined that, at that time, participation will not readily lead to employment or that a training activity is not appropriate.

(c) Any individual not required to participate may choose to participate voluntarily under this article, and end that participation at any time without loss of eligibility for aid under this chapter, if his or her status has not changed in a way that would require participation.

(d) (1) Notwithstanding subdivision (a), a custodial parent who is under 20 years of age and who has not earned a high school diploma or its equivalent, and who is not exempt or whose only basis for exemption is subparagraph (A) of paragraph (6) of subdivision (b), shall be required to participate solely for the purpose of earning a high school diploma or its equivalent. During the time that Article 3.5 (commencing with Section 11331) is operative, this subdivision shall only apply to a custodial parent who is 19 years of age.

(2) Section 11325.25 shall apply to a custodial parent who is 18 or 19 years of age and who is required to participate under this article.

(e) Notwithstanding paragraph (1) of subdivision (d), the county may determine that participation in education activities for the purpose of earning a high school diploma or equivalent is inappropriate for an 18 or 19 year old custodial parent only if that parent is reassigned pursuant to an evaluation under Section 11325.25, or, at appraisal is already in an educational or vocational training program that is approvable as a self-initiated program as specified in Section 11325.23. If that determination is made, the parent shall be allowed to continue participation in the self-initiated program subject to Section 11325.23. During the time that Article 3.5 (commencing with Section 11331) is operative, this subdivision shall only apply to a custodial parent who is 19 years of age.

(f) A recipient shall be excused from participation for good cause when the county has determined there is a condition or other circumstance that temporarily prevents or significantly impairs the

recipient's ability to be regularly employed or to participate in welfare-to-work activities. The county welfare department shall review the good cause determination for its continuing appropriateness in accordance with the projected length of the condition, or circumstance, but not less than every three months. The recipient shall cooperate with the county welfare department and provide information, including written documentation, as required to complete the review. Conditions that may be considered good cause include, but are not limited to, the following:

- (1) Lack of necessary supportive services.
- (2) In accordance with Article 7.5 (commencing with Section 11495), the applicant or recipient is a victim of domestic violence, but only if participation under this article is detrimental to or unfairly penalizes that individual or his or her family.
- (3) Licensed or license-exempt child care for a child 10 years of age or younger is not reasonably available during the individual's hours of training or employment including commuting time, or arrangements for child care have broken down or have been interrupted, or child care is needed for a child who meets the criteria of subparagraph (C) of paragraph (1) of subdivision (a) of Section 11323.2, but who is not included in the assistance unit. For purposes of this paragraph, "reasonable availability" means child care that is commonly available in the recipient's community to a person who is not receiving aid and that is in conformity with the requirements of Public Law 104-193. The choices of child care shall meet either licensing requirements or the requirements of Section 11324. This good cause criterion shall include the unavailability of suitable special needs child care for children with identified special needs, including, but not limited to, disabilities or chronic illnesses.

SEC. 4. No appropriation pursuant to Section 15200 of the Welfare and Institutions Code shall be made for the purpose of funding the amendments made to the Welfare and Institutions Code by this act.

SEC. 5. Notwithstanding Section 17610 of the Government Code, 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. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

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## CHAPTER 440

An act to add Section 4015 to the Welfare and Institutions Code, relating to state hospitals and developmental centers.

[Approved by Governor September 7, 2002. Filed with Secretary of State September 9, 2002.]

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

SECTION 1. (a) The Legislature finds and declares all the following:

(1) The state has provided services to persons with disabilities in state hospitals and developmental centers since the mid-1850s.

(2) Over 20,000 patients died while in residency at a state hospital or developmental center from the mid-1850s until 1960.

(3) Information about the patients who have died while in residency at a state hospital or developmental center is incomplete.

(4) Cemeteries at state hospitals and developmental centers have not been used for interments since the 1960s, have fallen into disrepair, and are in need of restoration. Most of the existing gravesites are unmarked and, in most cases, these cemeteries are untended. Many of these cemeteries are, in effect, massive gravesites, and many records identifying where bodies are buried have been misplaced or destroyed.

(5) The state has an obligation to provide appropriate interment for patients who die while residing at a state hospital or developmental center and whose remains are not claimed by a family member.

(6) The state has an obligation to ensure maintenance of gravesites on state hospital and developmental center lands, and gravesites not located on state lands but designated by the state for burial of state hospital or developmental center residents, in a manner that is respectful, and includes individual acknowledgment, of the persons buried there.

(7) The state has an obligation to maintain appropriate records about persons who resided in state hospitals and developmental centers, including, but not limited to, their names, date of admittance, date of death, and cause of death.

(8) Persons with disabilities should play a leadership role in restoring the integrity of gravesites at state hospitals and developmental center lands and gravesites not located on state lands but designated by the state for burial of state hospital or developmental center residents.

(b) It is the intent of the Legislature to enact legislation that would require the state to support persons with disabilities in their efforts to restore dignity to persons whose remains are buried in gravesites on state hospital and developmental center lands, and in gravesites not located



on state lands but designated by the state for burial of state hospital or developmental center residents.

SEC. 2. Section 4015 is added to the Welfare and Institutions Code, to read:

4015. (a) The State Department of Mental Health shall, in coordination with the task force described in subdivision (b) and with other state entities, including, but not limited to, the Department of General Services, the State Department of Developmental Services, the Secretary of State, and the California State Library, do all of the following:

(1) Conduct and complete inventories of all of the following:

(A) All materials and records necessary to create the most complete record of persons who died while residing at any state hospital as defined in Section 7200, or any developmental center as defined in Section 4440.

(B) Within existing resources, identify the location of all gravesites at existing state hospitals and developmental center lands and of gravesites not located on state lands but designated by the state for burial of state hospital or developmental center residents. This shall include the location of remains that may have been moved from their original burial site and the location of grave markers that may have been moved from gravesites.

(C) Within existing resources, identify the names of patients whose remains were donated for medical research, the entity to which the remains were donated, and the final disposition of those remains.

(2) Assist and cooperate with the California Memorial Project in conducting research regarding the records of deaths and burials of persons at state hospitals and developmental centers and cemeteries based on the grounds of these facilities. This assistance shall, subject to paragraph (3), include the granting of access to those state records as necessary to perform the inventories described in this section.

(3) Notwithstanding Sections 4514 and 5328 or any other provision of law regarding confidentiality of patient records, the information described in this section shall be limited to the name, date of birth, date of death, and photographic images of any person who died while in residency at any state hospital or developmental center and shall be made available for the purposes of the implementation of this section. The exportation and use of these records or photographic images from state facilities shall be limited to the information delineated within, and the purposes of, this section.

(4) Assist the California Memorial Project in developing a plan for the restoration of gravesites and cemeteries at state hospitals and developmental centers and gravesites not located on state lands but designated by the state for burial of state hospital or developmental center residents.

(5) Develop a protocol for the future interment of patients who die while residing at a state hospital or developmental center and are unclaimed by a family member.

(b) The department may develop a protocol to coordinate the efforts of the state entities described in subdivision (a).

(c) (1) The department shall establish a task force to provide leadership and direction in carrying out the activities described in this section. The task force shall consist of representatives selected by each of the following entities:

(A) The Peer Self-Advocacy Unit of Protection and Advocacy, Inc.

(B) California Network of Mental Health Clients.

(C) Capitol People First.

(2) To the extent that funding is available, task force members shall be reimbursed for necessary travel expenses associated with serving on the task force. When requested by a task force member with a disability, the state shall pay the cost of a facilitator chosen by the task force member.

(d) In implementing this section, the state shall make no structural changes to existing gravesites on state hospital or developmental center lands prior to the submission of, and which do not conform with, the restoration plan described in paragraph (4) of subdivision (a).

(e) The department shall submit a status update on the implementation of this section, including a description of barriers, if any, to conducting the activities described in this section, to the Legislature by January 31, 2004.

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## CHAPTER 441

An act to amend Section 2557 of the Streets and Highways Code, relating to highways.

[Approved by Governor September 7, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 2557 of the Streets and Highways Code is amended to read:

2557. (a) Except as provided in subdivisions (c) and (d), the moneys received by each authority pursuant to subdivision (b) of Section 9250.10 of the Vehicle Code shall be used for the implementation, maintenance, and operation of a motorist aid system of call boxes, including the lease or lease-purchase of facilities and

equipment for the system, on the portions of the California Freeway and Expressway System and a county expressway system, and, in counties with a population of over 6,000,000 persons, the unincorporated county roads in that county, and on state highway routes that connect segments of these systems, which are located within the county in which the authority is established. The Department of Transportation and the Department of the California Highway Patrol shall each review and approve plans for implementation of a motorist aid system proposed for any state highway route and shall be reimbursed by the service authority for all costs incurred.

(b) An authority or any other public entity may construct and maintain, and lease or lease-purchase on terms and conditions it deems appropriate, the facilities of a motorist aid system or it may contract with a private person or entity to do so.

(c) If leases or lease-purchase agreements are entered into pursuant to subdivision (a), or if revenue bonds are issued and sold pursuant to Section 2558, the moneys received by each authority pursuant to subdivision (b) of Section 9250.10 of the Vehicle Code shall be used to the extent necessary to make lease payments or to pay the principal of, and interest on, the amount of bonded indebtedness outstanding, as the case may be. Facilities and equipment acquired through the expenditure of proceeds from the sale of those bonds shall have a useful life at least equal to the term of the bonds.

(d) (1) Any money received by an authority pursuant to subdivision (b) of Section 9250.10 of the Vehicle Code which exceeds the amount needed for full implementation and ongoing costs to maintain and operate the motorist aid system of call boxes, installed pursuant to subdivision (a), may be used for purposes of paragraph (2) and for additional motorist aid services or support, including, but not limited to, the following safety-related projects:

- (A) Changeable message signs.
- (B) Lighting for call boxes.
- (C) Support for traffic operations centers.

(D) Contracting for removal of disabled vehicles from the traveled portion of the right-of-way.

(2) Any amendment to an existing plan for a motorist aid system adopted by an authority for any state highway route shall, prior to implementation, be submitted to the Department of Transportation and the Department of the California Highway Patrol for review and approval and shall not be implemented until so reviewed and approved. The authority shall reimburse each department for the costs of that review.

(e) An authority may develop policies for the retention of records, including, but not limited to, authority operations, contracts, and programs, and the length of the retention period.

(f) A motorist aid system constructed, maintained, or operated pursuant to this section shall meet the applicable standards of Title II of the Americans with Disabilities Act of 1990 (Public Law 101-336) and federal regulations adopted pursuant thereto.

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## CHAPTER 442

An act to add and repeal Section 35401.8 to the Vehicle Code, relating to vehicles.

[Approved by Governor September 9, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 35401.8 is added to the Vehicle Code, to read: 35401.8. (a) Notwithstanding Sections 35401 and 35402, a combination of vehicles designed and used to transport agricultural biomass, and that may consist of a truck tractor, a semitrailer, and a semitrailer or trailer, may extend to a total combined length of 75 feet, if the length of the front trailer does not exceed 32 feet, and the length of the rear trailer does not exceed 28 feet 6 inches. The distance between the axles of the front trailer shall be the same as that of a trailer that is 28.5 feet in length. No extension shall be allowed for the front trailer. The rear trailer may have one-third of a bale that extends off of the back of the trailer, the rear trailer may also have an extension not to exceed 18 inches, or the rear trailer may have both the extension and the one-third bale extending off the back of the trailer.

(b) This section shall only apply to those combinations of vehicles operating within the Counties of Butte, Colusa, Glenn, Placer, Sutter, Tehama, Yolo, and Yuba.

(c) This section does not apply to those highways designated by the United States Department of Transportation as national network routes.

(d) The Department of the California Highway Patrol, in consultation with the Department of Transportation, shall conduct a study on the effect of this statute on public safety, and report their findings to the Legislature on or before July 1, 2005.

(e) This section shall become inoperative on July 1, 2006, and shall be repealed as of January 1, 2007, unless a later enacted statute which is enacted before January 1, 2007, 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.

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CHAPTER 443

An act to amend Sections 11479.5 and 25354.5 of the Health and Safety Code, relating to controlled substances.

[Approved by Governor September 9, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 11479.5 of the Health and Safety Code is amended to read:

11479.5. (a) Notwithstanding Sections 11473 and 11473.5, at any time after seizure by a law enforcement agency of a suspected hazardous chemical, the chemical's container, or any item contaminated with a hazardous substance believed to have been used or intended to have been used in the unlawful manufacture of controlled substances, that amount in excess of one fluid ounce if liquid, or one avoirdupois ounce if solid, of each different type of suspected hazardous chemical, its container, and any item contaminated with a hazardous substance may be disposed of without a court order by the seizing agency. For the purposes of this section, "hazardous chemical" means any material that is believed by the chief of the law enforcement agency, or his or her designee, to be toxic, carcinogenic, explosive, corrosive, or flammable, and that is believed by the chief of the law enforcement agency, or his or her designee, to have been used or intended to have been used in the unlawful manufacture of controlled substances.

(b) Destruction pursuant to this section of suspected hazardous chemicals or suspected hazardous chemicals and controlled substances in combination, or the chemical containers and items contaminated with a hazardous substance, shall not take place until all of the following requirements are met:

(1) At least a one ounce sample is taken from each different type of suspected hazardous chemical to be destroyed.

(2) At least a one ounce sample has been taken from each container of a mixture of a suspected hazardous chemical with a suspected controlled substance.

(3) Photographs have been taken which reasonably demonstrate the total amount of suspected controlled substances and suspected hazardous chemicals to be destroyed.

(4) The gross weight or volume of the suspected hazardous chemical seized has been determined.

(5) Photographs have been taken of the chemical containers and items contaminated with a hazardous substance that reasonably demonstrate their size.

(c) Subsequent to any disposal of a suspected hazardous chemical, its container, or any item contaminated with a hazardous substance pursuant to this section, the law enforcement agency involved shall maintain records concerning the details of its compliance with, and reciting the applicable information required by paragraphs (1), (2), (3), (4), and (5) of subdivision (b), together with the information establishing the location of the suspected hazardous chemical, its container, and any item contaminated with a hazardous substance, and specifying the date and time of the disposal.

(d) (1) Subsequent to any destruction of a suspected controlled substance in combination with a hazardous chemical or any item contaminated with a hazardous substance pursuant to this section, an affidavit containing applicable information required by paragraphs (1), (2), (3), (4), and (5) of subdivision (b) shall be filed within 30 days in the court that issued the search warrant.

(2) If the disposed materials were seized without a warrant, an affidavit containing applicable information required by paragraphs (1), (2), (3), (4), and (5) of subdivision (b) shall be filed in the court that has jurisdiction over any criminal proceedings pertaining to the suspected controlled substance after the criminal proceedings are initiated.

(e) A law enforcement agency responsible for the disposal of any hazardous chemical shall comply with the provisions of Chapter 6.5 (commencing with Section 25100) of Division 20 of the Health and Safety Code, as well as all applicable state and federal statutes and regulations.

SEC. 2. Section 25354.5 of the Health and Safety Code is amended to read:

25354.5. (a) Any state or local law enforcement officer or investigator or other law enforcement agency employee who, in the course of an official investigation or enforcement action regarding the manufacture of any illegal controlled substance, comes in contact with, or is aware of, the presence of a substance that the person suspects is a hazardous substance at a site where an illegal controlled substance is or

was manufactured, shall notify the department for the purpose of taking removal action, as necessary, to prevent, minimize, or mitigate damage that might otherwise result from the release or threatened release of the hazardous substance, except for samples required under Section 11479.5 to be kept for evidentiary purposes.

(b) (1) Notwithstanding any other provision of law, upon receipt of a notification pursuant to subdivision (a), the department shall take removal action, as necessary, with respect to any hazardous substance that is an illegal controlled substance, a precursor of a controlled substance, a material intended to be used in the unlawful manufacture of a controlled substance and any container for such a material, a waste material from the unlawful manufacture of a controlled substance, or any other item contaminated with a hazardous substance used or intended to be used in the manufacture of a controlled substance. The department may expend funds appropriated from the Illegal Drug Lab Cleanup Account created pursuant to subdivision (e) to pay the costs of removal actions required by this section. The department may enter into oral contracts, not to exceed ten thousand dollars (\$10,000) in obligation, when, in the judgment of the department, immediate corrective action to a hazardous substance subject to this section is necessary to remedy or prevent an emergency.

(2) The department shall, as soon as the information is available, report the location of any removal action that will be carried out pursuant to paragraph (1), and the time that the removal action will be carried out, to the local environmental health officer within whose jurisdiction the removal action will take place, if the local environmental officer does both of the following:

(A) Requests, in writing, that the department report this information to the local environmental health officer.

(B) Provides the department with a single 24-hour telephone number to which the information can be reported.

(c) (1) For purposes of Chapter 6.5 (commencing with Section 25100) or this chapter, any person who is found to have operated a site for the purpose of manufacturing an illegal controlled substance or a precursor of an illegal controlled substance is the generator of any hazardous substance at, or released from, the site that is subject to removal action pursuant to this section.

(2) During the removal action, for purposes of complying with the manifest requirements in Section 25160, the department, the county health department, the local environmental health officer, or their designee may sign the hazardous waste manifest as the generator of the hazardous waste. In carrying out that action, the department, the county health department, the local environmental health officer, or their designee shall be considered to have acted in furtherance of their



statutory responsibilities to protect the public health and safety and the environment from the release, or threatened release, of hazardous substances, and the department, the county health department, the local environmental health officer, or their designee are not responsible parties for the release or threatened release of the hazardous substances.

(3) The officer, investigator, or agency employee specified in subdivision (a) is not a responsible party for the release or threatened release of any hazardous substances at, or released from, the site.

(d) The department may adopt regulations to implement this section in consultation with appropriate law enforcement and local environmental agencies.

(e) The Illegal Drug Lab Cleanup Account is hereby created in the General Fund and the department may expend any money in the account, upon appropriation by the Legislature, to carry out the removal actions required by this section. The account shall be funded by moneys appropriated directly from the General Fund.

(f) The responsibilities assigned to the department by this section apply only to the extent that sufficient funding is made available for that purpose.

SEC. 3. Notwithstanding Section 17610 of the Government Code, 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. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

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## CHAPTER 444

An act to amend Section 2 of Chapter 99 of the Statutes of 2002, relating to appropriations for the support of the government of the State of California, to take effect immediately as an appropriation for the usual and current expenses of the state.

[Approved by Governor September 9, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 2 of Chapter 99 of the Statutes of 2002 is amended to read:



Sec. 2. (a) The sum of five hundred three million four hundred thirty-three thousand dollars (\$503,433,000) is hereby reappropriated from the sources and in the amounts listed in subdivision (b) and the remainder of this amount is hereby appropriated from the balance of the Proposition 98 Reversion Account for transfer to Section A of the State School Fund, for allocation by the Superintendent of Public Instruction to school districts, county offices of education, and other agencies as public school apportionments for costs incurred in the 2001–02 fiscal year under the programs and purposes identified in Item 6110-156-0001 of Section 2.00 of the Budget Act of 2001.

(b) (1) The sum of forty-two million dollars (\$42,000,000) from the balance of the Child Care Facilities Revolving Fund established pursuant to Section 8278.3 of the Education Code.

(2) The sum of two million five hundred fifty-eight thousand dollars (\$2,558,000) from Schedule 24 of Item 6110-485 of Section 2.00 of the Budget Act of 2001 (Ch. 106, Stats. 2001).

(3) The sum of seventeen million eight hundred thousand dollars (\$17,800,000) from Item 6110-134-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).

(4) The sum of twelve million dollars (\$12,000,000) from Item 6110-133-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).

(5) The sum of eighteen million eight hundred eighty-four thousand dollars (\$18,884,000), or whatever lesser or greater amount reflects the unexpended balance of the appropriation specified in Item 6110-198-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).

(6) The sum of sixty million dollars (\$60,000,000), or whatever lesser or greater amount reflects the unexpended balance of the appropriation specified in Item 6110-232-0001 of Section 2.00 of the Budget Act of 1999 (Ch. 50, Stats. 1999).

(7) The sum of forty million two hundred ninety-one thousand dollars (\$40,291,000) from Item 6110-156-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).

(8) The sum of four million five hundred thousand dollars (\$4,500,000) from Item 6110-190-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).

(9) The sum of five million dollars (\$5,000,000) from Item 6110-195-0001 of Section 2.00 of the Budget Act of 2000 (Ch. 52, Stats. 2000).

(10) The sum of ten million dollars (\$10,000,000), from Item 6110-196-0001 of Section 2.00 of the Budget Act of 1999 (Ch. 50, Stats. 1999) as reappropriated by Item 6110-494, Provision 4(a) of the Budget Act of 2000 (Ch. 52, Stats. 2000).

SEC. 2. Section 1 of this act makes an appropriation for the usual and current expenses of the state within the meaning of Article IV of the California Constitution, and this act shall go into immediate effect.

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CHAPTER 445

An act to amend Sections 14556.5, 14556.8, and 14556.9 of, and to add and repeal Section 14556.75 of, the Government Code, to add Section 99310.6 to the Public Utilities Code, and to amend Sections 183, 188.10, 2182, and 2182.1 of, and to add Section 183.3 to, the Streets and Highways Code, relating to transportation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 9, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. It is the intent of the Legislature that the loans authorized by this act be administered in a manner that does not delay the delivery of transportation projects that are funded from either the State Highway Account or the Traffic Congestion Relief Fund.

SEC. 2. Section 14556.5 of the Government Code is amended to read:

14556.5. (a) The Traffic Congestion Relief Fund is hereby created in the State Treasury. The fund shall include deposits of funds provided in the annual Budget Act, provided from the Transportation Investment Fund established under Section 7104 of the Revenue and Taxation Code, or provided under any other statute. Notwithstanding Section 13340, the money in the fund is hereby continuously appropriated to the department, without regard to fiscal years, as follows:

(1) For allocation by the department, as directed by the commission pursuant to Section 14556.20, to the department and other regional and local transportation entities for the projects listed in Article 5 (commencing with Section 14556.40).

(2) For allocation by the Controller, the sum of four hundred million dollars (\$400,000,000), for allocation during the 2000–01 fiscal year to cities, counties, and cities and counties, pursuant to Section 2182 of the Streets and Highways Code.

(3) For allocation by the commission to the funding exchange program authorized by Section 182.8 of the Streets and Highways Code.

(b) Notwithstanding any other provision of law, the Department of Finance may establish the accounting and reporting system used to determine the expenditures, cash needs, and balance of the fund.

SEC. 3. Section 14556.75 is added to the Government Code, to read:

14556.75. (a) The Director of Finance may authorize short-term loans from the General Fund to the State Highway Account to provide adequate cash for costs funded from that account. Repayment of these loans shall be the first obligation on revenues deposited into the State Highway Account after any loan is made pursuant to this section.

(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. 4. Section 14556.8 of the Government Code is amended to read:

14556.8. (a) (1) To the extent necessary to provide adequate cash to fund projected expenditures under this chapter, the Director of Finance may authorize, by Executive order, the transfer of not more than one hundred million dollars (\$100,000,000), as an interest free loan, from the Motor Vehicle Account in the State Transportation Fund to the TCRF, and the transfer of any available funds, as an interest free loan, from the General Fund to the TCRF. Loans from the Motor Vehicle Account may be made no sooner than July 1, 2004, and shall be repaid no later than July 1, 2007. The Director of Finance shall not authorize a loan from the Motor Vehicle Account, and shall promptly require the repayment of any outstanding balance owed to that account, if the funds are needed in the account to make expenditures authorized in the annual Budget Act and by any other appropriations made by the Legislature.

(2) To provide cash needed for expenditures on projects listed in Section 14556.40, the Legislature may authorize loans from the Public Transportation Account or the State Highway Account to the TCRF through the annual Budget Act. The Legislature may also authorize the State Highway Account to expend funds on behalf of projects listed in Section 14556.40 and those expenditures shall constitute a loan to the TCRF. Loans from the Public Transportation Account shall not exceed a cumulative total of two hundred eighty million dollars (\$280,000,000), and loans from the State Highway Account shall not exceed a cumulative total of six hundred fifty-four million dollars (\$654,000,000).

(b) The Director of Finance shall order the repayment of the loans authorized under this section under those terms and conditions that the director deems appropriate, upon determining that there are adequate funds available for that purpose in the TCRF and that repayment will not jeopardize the availability of money needed to fund approved and projected expenditures under this chapter. All loans from the Public

Transportation Account shall be repaid by June 30, 2008, and all loans from the State Highway Account shall be repaid by June 30, 2007. Upon the request of the commission or the Director of Finance, the department shall provide a report, for purposes of this subdivision, projecting the cash needs of the projects approved under this chapter.

(c) (1) Money in the TCRF derived from the General Fund and not currently needed for expenditures on the projects listed in Section 14556.40 may be loaned to the General Fund through the annual Budget Act.

(2) Upon making a determination that funds in the TCRF are not adequate to support expected cash expenditures for the listed projects, the Director of Finance, by Executive order, shall require that funds loaned to the General Fund under paragraph (1) be repaid to the TCRF. All these loans shall be repaid no later than June 30, 2006.

(3) Interest at the rate earned by the Surplus Money Investment Fund shall be paid to the TCRF from the General Fund with respect to the cumulative amount loaned from the State Highway Account to the TCRF pursuant to paragraph (2) of subdivision (a) that is in excess of one hundred eighty million dollars (\$180,000,000). The amount of this interest obligation shall be calculated annually on the balance of this portion of this outstanding loan amount. All interest on the loan shall be paid in full on or before June 30, 2007, and the interest payment shall be transferred from the TCRF to the State Highway Account.

(d) Funds loaned to the TCRF under this section shall be used for purposes consistent with any restrictions on uses of those funds imposed under the California Constitution or by statute. The department shall identify specific projects to which those funds may properly be applied and shall propose that application of funds to the commission. The commission shall designate projects to receive those funds through the processes described in Article 3 (commencing with Section 14556.10) and Article 4 (commencing with Section 14556.25). The department shall report periodically to the commission and the Department of Finance on the expenditure of those funds.

(e) 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 dates on which it becomes inoperative and is repealed.

SEC. 5. Section 14556.9 of the Government Code is amended to read:

14556.9. (a) The department shall submit quarter and annual reports to the Joint Legislative Budget Committee, and to the fiscal and policy committees of the Legislature that consider transportation issues, on all loans and transfers authorized pursuant to Sections 14556.7, 14556.75, and 14556.8 for the most recent reporting period. The reports

shall summarize amounts loaned and repaid during the reporting period and any outstanding balances at the end of the reporting period. The annual report required under this section shall be delivered to the Legislature by March 1 of each year and shall include information on and a discussion of the impact of all loans and transfers on project expenditures for each affected program. Additionally, the annual report shall include the amount of loans outstanding as of the end of the reporting period and any actual or projected impacts of those loan balances on funds projected to be used for projects in the latest State Transportation Improvement Program fund estimate required pursuant to subdivision (a) of Section 14525.

(b) The department shall provide the monthly finance report it prepares for the commission to the fiscal and policy committees of the Legislature that consider transportation issues. The report shall include actual cash balances, revenues, and expenditures for the State Highway Account, the TCRF, and the Toll Bridge Seismic Retrofit Account.

(c) 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. 6. Section 99310.6 is added to the Public Utilities Code, to read:

99310.6. Notwithstanding any other provision of law, the Department of Finance may establish the accounting and reporting system used to determine the expenditures, cash needs, and balance of the Public Transportation Account.

SEC. 7. Section 183 of the Streets and Highways Code is amended to read:

183. (a) All money in the State Highway Account in the State Transportation Fund derived from federal sources or from appropriations to other state agencies, or deposited in the account by local agencies or by others, is continuously appropriated to, and shall be available for expenditure by, the department for the purposes for which the money was made available.

Unless otherwise expressly provided for by law, none of the balance of the money in the State Highway Account shall be expended until it has been specifically appropriated by the Legislature or made available pursuant to Section 13322 of the Government Code.

The Budget Act appropriations shall be made on a program basis only and shall not identify the specific capital outlay projects to be funded. The commission shall be responsible for allocating the funds to specific projects within the budget program categories, except that all funds described in Chapter 5 (commencing with Section 2200) of Division 3

shall be allocated on a program basis to the department for allocation pursuant to that chapter.

(b) Notwithstanding subdivision (a), commencing with the 1985–86 Budget, the department shall submit with its budget requests a detailed description of the acquisition, improvement, and construction of office building projects to the Legislature for review. The total amount appropriated for those projects shall be identified as a separate line item in the Budget Act. Funds appropriated for those projects shall be allocated by the commission only for projects which have been approved by the Legislature. Minor projects are to be defined consistent with Section 167. The commission may substitute for approved minor projects, if the total sum of minor projects is within the amount approved by the Legislature.

(c) Notwithstanding any other provision of law, the Department of Finance may establish the accounting and reporting system used to determine the expenditures, cash needs, and balance of the State Highway Account.

SEC. 8. Section 183.3 is added to the Streets and Highways Code, to read:

183.3. (a) Upon the order of the Director of Finance, the Controller shall transfer the sum of one hundred seventy-three million dollars (\$173,000,000) from the State Highway Account in the State Transportation Fund to the General Fund. This transfer of money constitutes a loan under paragraph (2) of subdivision (b) of Section 6 of Article XIX of the California Constitution.

(b) The General Fund shall pay interest to the State Highway Account on the loan authorized by subdivision (a) at the rate earned by the Surplus Money Investment Fund. The interest shall be calculated annually and the loan shall be repaid no later than June 30, 2005.

SEC. 9. Section 188.10 of the Streets and Highways Code, as added by Section 4 of Chapter 327 of the Statutes of 1997, is amended to read:

188.10. (a) The Toll Bridge Seismic Retrofit Account is hereby created in the State Transportation Fund. The money in the account is hereby appropriated, without regard to fiscal years, to the department for the purpose of funding seismic retrofit or replacement of the bridges listed in Section 188.5.

(b) Notwithstanding any other provision of law, the Department of Finance may establish the accounting and reporting system used to determine the expenditures, cash needs, and balance of the account.

SEC. 10. Section 2182 of the Streets and Highways Code is amended to read:

2182. (a) The funds appropriated from the Traffic Congestion Relief Fund pursuant to paragraph (2) of subdivision (a) of Section 14556.5 of the Government Code shall be allocated by the Controller to

cities and counties for street and road maintenance, rehabilitation, and reconstruction. Four hundred million dollars (\$400,000,000) shall be allocated to the counties, including a city and county, and cities, including a city and county, as follows:

(1) Fifty percent to the counties, including a city and county, 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.

(2) Fifty percent to cities, including a city and county, 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.

(b) Funds received under this section 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.

(c) Funds apportioned to a city or county under this section shall be used only for street and highway pavement maintenance, rehabilitation, and reconstruction of necessary associated facilities such as drainage and traffic control devices. Rehabilitation or reconstruction may include widening necessary to bring the roadway width to the desirable minimum pavement width consistent with accepted design standards for local streets and roads, but does not include widening or increasing the traffic capacity of a street or road.

(d) For the purpose of allocating funds under this section to cities, counties, 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.

SEC. 11. Section 2182.1 of the Streets and Highways Code is amended to read:

2182.1. (a) The Legislature finds and declares that it intends cities and counties to use the funds made available under paragraph (2) of subdivision (a) of Section 14556.5 of the Government Code to supplement existing local revenues being used for maintenance and rehabilitation of local streets and roads. Cities and counties shall maintain their existing commitment of local funds for maintenance and rehabilitation of local streets and roads in order to remain eligible for allocation and expenditure of the additional four hundred million dollars (\$400,000,000) made available by Section 21 of the act that added this section.

(b) In order to receive any allocation pursuant to Section 2182, 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. For purposes of this subdivision, 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.

(c) 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.

(d) For purposes of subdivision (b), 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.

(e) The Controller may perform audits to ensure compliance with subdivision (b) when deemed necessary. Any city or county that has not



complied with subdivision (b) 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 subdivision (b) shall be reallocated to the other counties and cities whose expenditures are in compliance.

(f) If a city or county fails to comply with the requirements of subdivision (b) 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 subdivision (b).

(g) The allocation made under Section 2182 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 Section 2182.

SEC. 12. 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 necessary changes to facilitate the cash management of transportation funding at the earliest possible time, it is necessary that this act take effect immediately.

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## CHAPTER 446

An act to add Section 6480.3 to the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 9, 2002. Filed with  
Secretary of State September 9, 2002.]

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

SECTION 1. Section 6480.3 is added to the Revenue and Taxation Code, to read:

6480.3. (a) A person qualified under subdivision (b) may issue a certificate to a seller with respect to the amount of sales tax required to be prepaid pursuant to Section 6480.1 when purchasing diesel fuel from the seller. The certificate shall be completed in accordance with any instructions or regulations as the board may prescribe, and shall clearly specify that the person will purchase the volume of diesel fuel that the person reasonably expects he or she will sell that qualifies for the

exemption under Section 6357.1. A seller that receives a properly completed certificate from a person qualified under subdivision (b) shall not be required to collect the prepayment of the retail sales tax otherwise required in Section 6480.1 on that volume of the diesel fuel sold pursuant to the certificate.

(b) A person is qualified for purposes of this section if both of the following conditions are met:

(1) The person sold diesel fuel that was used by the consumer in a manner that qualified, or would have qualified for an exemption under Section 6357.1, and in the prior year, those sales totaled more than 25 percent of the person's total taxable sales.

(2) The person's sales consist primarily of either bulk deliveries of fuel or of fuel sales through a cardlock, keylock, or other unattended mechanism, or both. For purposes of the preceding sentence, "bulk deliveries" means transfers of fuel into storage tanks of 500 gallons or more.

(c) A person issuing a certificate pursuant to this section is liable for sales tax that is imposed under the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200)) or in accordance with the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)) and sales tax that is imposed under Section 6051.2 or 6201.2, or under Section 35 of Article XIII of the California Constitution.

(d) A person issuing a certificate pursuant to this section shall be liable for sales tax on any portion of the gross receipts derived from the sale of fuel that is not sold in a manner that qualifies for an exemption under Section 6357.1.

(e) A person liable for the sales tax under subdivision (c) or (d) of this section shall report and pay that sales tax with the return for the reporting period in which the person sells the fuel.

(f) Any person who gives a certificate pursuant to this section for purchases of diesel fuel that he or she knows at the time of purchase do not qualify for the exemption from the prepayment pursuant to this section for the purpose of evading payment of the prepayment of the retail sales tax is guilty of a misdemeanor punishable as provided in Section 7153. In addition, the person shall be liable to the state for a penalty of one thousand dollars (\$1,000) for each certificate issued for personal gain or to evade the payment of taxes.

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. This act shall become operative 30 days after the effective date of this act.

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 provide assistance to diesel fuel sellers who are incurring a severe negative cash-flow due to current law's prepayment requirements at the earliest time, it is necessary for this act to go into immediate effect.

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## CHAPTER 447

An act to amend Sections 6401 and 6402 of the Probate Code, relating to intestate succession.

[Approved by Governor September 10, 2002. Filed with Secretary of State September 10, 2002.]

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

SECTION 1. Section 6401 of the Probate Code is amended to read: 6401. (a) As to community property, the intestate share of the surviving spouse is the one-half of the community property that belongs to the decedent under Section 100.

(b) As to quasi-community property, the intestate share of the surviving spouse is the one-half of the quasi-community property that belongs to the decedent under Section 101.

(c) As to separate property, the intestate share of the surviving spouse or surviving domestic partner, as defined in subdivision (b) of Section 37, is as follows:

(1) The entire intestate estate if the decedent did not leave any surviving issue, parent, brother, sister, or issue of a deceased brother or sister.

(2) One-half of the intestate estate in the following cases:

(A) Where the decedent leaves only one child or the issue of one deceased child.

(B) Where the decedent leaves no issue but leaves a parent or parents or their issue or the issue of either of them.

(3) One-third of the intestate estate in the following cases:

(A) Where the decedent leaves more than one child.

(B) Where the decedent leaves one child and the issue of one or more deceased children.

(C) Where the decedent leaves issue of two or more deceased children.

SEC. 2. Section 6402 of the Probate Code is amended to read:

6402. Except as provided in Section 6402.5, the part of the intestate estate not passing to the surviving spouse or surviving domestic partner, as defined in subdivision (b) of Section 37, under Section 6401, or the entire intestate estate if there is no surviving spouse or domestic partner, passes as follows:

(a) To the issue of the decedent, the issue taking equally if they are all of the same degree of kinship to the decedent, but if of unequal degree those of more remote degree take in the manner provided in Section 240.

(b) If there is no surviving issue, to the decedent's parent or parents equally.

(c) If there is no surviving issue or parent, to the issue of the parents or either of them, the issue taking equally if they are all of the same degree of kinship to the decedent, but if of unequal degree those of more remote degree take in the manner provided in Section 240.

(d) If there is no surviving issue, parent or issue of a parent, but the decedent is survived by one or more grandparents or issue of grandparents, to the grandparent or grandparents equally, or to the issue of those grandparents if there is no surviving grandparent, the issue taking equally if they are all of the same degree of kinship to the decedent, but if of unequal degree those of more remote degree take in the manner provided in Section 240.

(e) If there is no surviving issue, parent or issue of a parent, grandparent or issue of a grandparent, but the decedent is survived by the issue of a predeceased spouse, to that issue, the issue taking equally if they are all of the same degree of kinship to the predeceased spouse, but if of unequal degree those of more remote degree take in the manner provided in Section 240.

(f) If there is no surviving issue, parent or issue of a parent, grandparent or issue of a grandparent, or issue of a predeceased spouse, but the decedent is survived by next of kin, to the next of kin in equal degree, but where there are two or more collateral kindred in equal degree who claim through different ancestors, those who claim through the nearest ancestor are preferred to those claiming through an ancestor more remote.

(g) If there is no surviving next of kin of the decedent and no surviving issue of a predeceased spouse of the decedent, but the decedent is survived by the parents of a predeceased spouse or the issue of those parents, to the parent or parents equally, or to the issue of those parents if both are deceased, the issue taking equally if they are all of the same

degree of kinship to the predeceased spouse, but if of unequal degree those of more remote degree take in the manner provided in Section 240.

SEC. 3. (a) On or before March 1, 2003, the Secretary of State shall send the following letter to the mailing address on file of each registered domestic partner who registered prior to January 1, 2003:

“Dear Registered Domestic Partner:

This letter is being sent to all persons who have registered with the Secretary of State as a domestic partner.

As of July 1, 2003, California’s law of intestate succession will change. The intestate succession law specifies what happens to a person’s property when that person dies without a will, trust, or other estate plan.

Under existing law, if a domestic partner dies without a will, trust, or other estate plan, a surviving domestic partner cannot inherit any of the deceased partner’s separate property. Instead, surviving relatives, including, for example, children, brothers, sisters, nieces, nephews, or parents may inherit the deceased partner’s separate property.

Under the law to take effect July 1, 2003, if a domestic partner dies without a will, trust, or other estate plan, the surviving domestic partner will inherit the deceased partner’s separate property in the same manner as a surviving spouse. This change will mean that the surviving domestic partner would inherit a third, a half, or all of the deceased partner’s separate property, depending on whether the deceased domestic partner has surviving children or other relatives. This change does not affect any community or quasi-community property that the deceased partner may have had.

This change in the intestate succession law will not affect you if you have a will, trust, or other estate plan.

If you do not have a will, trust, or other estate plan and you do not wish to have your domestic partner inherit your separate property in the manner provided by the revised law, you may prepare a will, trust, or other estate plan, or terminate your domestic partnership.

Under existing law, your domestic partnership is automatically terminated if you or your partner married or died while you were registered as domestic partners. It is also terminated by you sending your partner or your partner sending to you by certified mail a notice terminating the domestic partnership, or by you and your partner no longer sharing a common residence. In all cases, you are required to file a Notice of Termination of Domestic Partnership with the Secretary of State in order to establish the actual date of termination of the domestic partnership. You can obtain a Notice of Termination of Domestic Partnership from the Secretary of State’s office.

If your domestic partnership has terminated because you sent your partner or your partner sent to you a notice of termination of your

domestic partnership, you must immediately file a Notice of Termination of Domestic Partnership. If you do not file that notice, your former domestic partner may inherit under the new law. However, if your domestic partnership has terminated because you or your partner married or you and your partner no longer share a common residence, neither you nor your former partner may inherit from the other under this new law.

If you have any questions about this change, please consult an estate planning attorney. If you cannot find an estate planning attorney in your locale, please contact your county bar association for a referral.

Sincerely,

The Secretary of State''

(b) Beginning on January 1, 2003, the Secretary of State shall provide the following notice with all requests for the Declaration of Domestic Partnership form. The Secretary of State shall also attach the notice to the Declaration of Domestic Partnership form that is provided to the general public on the Secretary of State's Web site:

"NOTICE TO POTENTIAL DOMESTIC PARTNER  
REGISTRANTS

As of July 1, 2003, California's law of intestate succession will change. The intestate succession law specifies what happens to a person's property when that person dies without a will, trust, or other estate plan.

Under the law prior to July 1, 2003, if a domestic partner dies without a will, trust, or other estate plan, a surviving domestic partner cannot inherit any of the deceased partner's separate property. Instead, surviving relatives, including, for example, children, brothers, sisters, nieces, nephews, or parents may inherit the deceased partner's separate property.

Under the law to take effect July 1, 2003, if a domestic partner dies without a will, trust, or other estate plan, the surviving domestic partner will inherit the deceased partner's separate property in the same manner as a surviving spouse. This change will mean that the surviving domestic partner would inherit a third, a half, or all of the deceased partner's separate property, depending on whether the deceased domestic partner has surviving children or other relatives. This change does not affect any community or quasi-community property that the deceased partner may have had.

This change in the intestate succession law will not affect you if you have a will, trust, or other estate plan.

If you do not have a will, trust, or other estate plan, and you do not wish to have your domestic partner inherit your separate property in the manner provided by the revised law, you may prepare a will, trust, or other estate plan, or terminate your domestic partnership.

Under existing law, your domestic partnership is automatically terminated if you or your partner married or died while you were registered as domestic partners. It is also terminated by you sending your partner or your partner sending to you by certified mail a notice terminating the domestic partnership, or by you and your partner no longer sharing a common residence. In all cases, you are required to file a Notice of Termination of Domestic Partnership with the Secretary of State in order to establish the actual date of termination of the domestic partnership. You can obtain a Notice of Termination of Domestic Partnership from the Secretary of State's office.

If your domestic partnership has terminated because you sent your partner or your partner sent to you a notice termination of your domestic partnership, you must immediately file a Notice of Termination of Domestic Partnership. If you do not file that notice, your former domestic partner may inherit under the new law. However, if your domestic partnership has terminated because you or your partner married or you and your partner no longer share a common residence, neither you nor your former partner may inherit from the other under this new law.

If you have any questions about this change, please consult an estate planning attorney. If you cannot find an estate planning attorney in your locale, please contact your county bar association for a referral."

SEC. 4. The provisions of Sections 1 and 2 of this act shall become operative on July 1, 2003.

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## CHAPTER 448

An act to amend Sections 340 and 437c of, and to add Sections 335.1 and 340.10 to, the Code of Civil Procedure, relating to civil actions.

[Approved by Governor September 10, 2002. Filed with  
Secretary of State September 10, 2002.]

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

SECTION 1. The Legislature finds and declares, as follows:

(a) The California system for the administration of civil justice is one of the fairest in the world, but certain procedures and standards should be amended to ensure fairness to all parties.

(b) Under current law, victims of personal injury and wrongful death are now required to file lawsuits within a year in order to meet unduly short statutes of limitations. Many such matters would be resolved without the need to resort to litigation if California's statute of limitations permitted such actions to be filed within two years, as the vast majority of other states provide for a longer time to resolve claims short of litigation.

(c) A prime example of the inequity caused by the one-year statute of limitations is that residents of California who were victims of the terrorist actions of September 11, 2001, must prematurely choose between litigation and federal remedies, while residents of other states have more than twice as long to pursue their remedies. Extending the statute of limitations will reduce litigation in these cases as well, because terrorist victims will have the opportunity to fully evaluate and use other alternatives, rather than being forced to litigate prematurely.

(d) The special injustice worked against victims of the September 11, 2001, terrorist actions justifies applying the two-year statute of limitations retroactively to those victims.

(e) Longstanding California law favors trial on the merits. Summary judgment is a drastic procedure and should only be granted when an action is without merit and both sides have a fair opportunity to address the merits of an action or when an action lacks a triable issue of fact. It is important to extend the time to respond to a motion for summary judgment to assure that all evidence is before a court before ruling on the motion. This act will assure that frivolous actions are disposed of, and those that have merit can proceed to a fair trial.

SEC. 2. Section 335.1 is added to the Code of Civil Procedure, to read:

335.1. Within two years: An action for assault, battery, or injury to, or for the death of, an individual caused by the wrongful act or neglect of another.

SEC. 3. Section 340 of the Code of Civil Procedure is amended to read:

340. Within one year:

(a) An action upon a statute for a penalty or forfeiture, if the action is given to an individual, or to an individual and the state, except if the statute imposing it prescribes a different limitation.

(b) An action upon a statute for a forfeiture or penalty to the people of this state.

(c) An action for libel, slander, false imprisonment, seduction of a person below the age of legal consent, or by a depositor against a bank



for the payment of a forged or raised check, or a check that bears a forged or unauthorized endorsement, or against any person who boards or feeds an animal or fowl or who engages in the practice of veterinary medicine as defined in Section 4826 of the Business and Professions Code, for that person's neglect resulting in injury or death to an animal or fowl in the course of boarding or feeding the animal or fowl or in the course of the practice of veterinary medicine on that animal or fowl.

(d) An action against an officer to recover damages for the seizure of any property for a statutory forfeiture to the state, or for the detention of, or injury to property so seized, or for damages done to any person in making that seizure.

(e) An action by a good faith improver for relief under Chapter 10 (commencing with Section 871.1) of Title 10 of Part 2. The time begins to run from the date upon which the good faith improver discovers that the good faith improver is not the owner of the land upon which the improvements have been made.

SEC. 4. Section 340.10 is added to the Code of Civil Procedure, to read:

340.10. (a) For purposes of this section, "terrorist victim" means any individual who died or was injured as a consequence of the terrorist-related aircraft crashes of September 11, 2001, including persons who were present at the World Trade Center in New York City, New York, the Pentagon in Arlington, Virginia, or at the site of the crash at Shanksville, Pennsylvania, or in the immediate aftermath of the terrorist-related aircraft crashes of September 11, 2001, including members of the flight crew and passengers on American Airlines Flight 11, American Airlines Flight 77, United Airlines Flight 175, and United Airlines Flight 93, and who suffered physical harm or death as a result of any of the crashes, as defined in Section 40101 of Title 49 of the United States Code and the related, applicable regulations, other than an individual identified by the Attorney General of the United States as a participant or conspirator in the terrorist-related aircraft crashes, or a representative or heir of such an individual.

(b) The statute of limitations for injury or death set forth in Section 335.1 shall apply to any action brought for injury to, or for the death of, any terrorist victim described in subdivision (a) and caused by the wrongful act or neglect of another, regardless of whether that action lapsed or was otherwise barred by time under California law predating the passage of this section and Section 335.1.

SEC. 5. Section 437c of the Code of Civil Procedure is amended to read:

437c. (a) Any party may move for summary judgment in any action or proceeding if it is contended that the action has no merit or that there is no defense to the action or proceeding. The motion may be made at

any time after 60 days have elapsed since the general appearance in the action or proceeding of each party against whom the motion is directed or at any earlier time after the general appearance that the court, with or without notice and upon good cause shown, may direct. Notice of the motion and supporting papers shall be served on all other parties to the action at least 75 days before the time appointed for hearing. However, if the notice is served by mail, the required 75-day period of notice shall be increased by five days if the place of address is within the State of California, 10 days if the place of address is outside the State of California but within the United States, and 20 days if the place of address is outside the United States, and if the notice is served by facsimile transmission, Express Mail, or another method of delivery providing for overnight delivery, the required 75-day period of notice shall be increased by two court days. The motion shall be heard no later than 30 days before the date of trial, unless the court for good cause orders otherwise. The filing of the motion shall not extend the time within which a party must otherwise file a responsive pleading.

(b) The motion shall be supported by affidavits, declarations, admissions, answers to interrogatories, depositions, and matters of which judicial notice shall or may be taken. The supporting papers shall include a separate statement setting forth plainly and concisely all material facts which the moving party contends are undisputed. Each of the material facts stated shall be followed by a reference to the supporting evidence. The failure to comply with this requirement of a separate statement may in the court's discretion constitute a sufficient ground for denial of the motion.

Any opposition to the motion shall be served and filed not less than 14 days preceding the noticed or continued date of hearing, unless the court for good cause orders otherwise. The opposition, where appropriate, shall consist of affidavits, declarations, admissions, answers to interrogatories, depositions, and matters of which judicial notice shall or may be taken.

The opposition papers shall include a separate statement which responds to each of the material facts contended by the moving party to be undisputed, indicating whether the opposing party agrees or disagrees that those facts are undisputed. The statement also shall set forth plainly and concisely any other material facts which the opposing party contends are disputed. Each material fact contended by the opposing party to be disputed shall be followed by a reference to the supporting evidence. Failure to comply with this requirement of a separate statement may constitute a sufficient ground, in the court's discretion, for granting the motion.

Any reply to the opposition shall be served and filed by the moving party not less than five days preceding the noticed or continued date of hearing, unless the court for good cause orders otherwise.

Evidentiary objections not made at the hearing shall be deemed waived.

Except for subdivision (c) of Section 1005 relating to the method of service of opposition and reply papers, Sections 1005 and 1013, extending the time within which a right may be exercised or an act may be done, do not apply to this section.

Any incorporation by reference of matter in the court's file shall set forth with specificity the exact matter to which reference is being made and shall not incorporate the entire file.

(c) The motion for summary judgment shall be granted if all the papers submitted show that there is no triable issue as to any material fact and that the moving party is entitled to a judgment as a matter of law. In determining whether the papers show that there is no triable issue as to any material fact the court shall consider all of the evidence set forth in the papers, except that to which objections have been made and sustained by the court, and all inferences reasonably deducible from the evidence, except summary judgment shall not be granted by the court based on inferences reasonably deducible from the evidence, if contradicted by other inferences or evidence, which raise a triable issue as to any material fact.

(d) Supporting and opposing affidavits or declarations shall be made by any person on personal knowledge, shall set forth admissible evidence, and shall show affirmatively that the affiant is competent to testify to the matters stated in the affidavits or declarations. Any objections based on the failure to comply with the requirements of this subdivision shall be made at the hearing or shall be deemed waived.

(e) If a party is otherwise entitled to a summary judgment pursuant to this section, summary judgment shall not be denied on grounds of credibility or for want of cross-examination of witnesses furnishing affidavits or declarations in support of the summary judgment, except that summary judgment may be denied in the discretion of the court, where the only proof of a material fact offered in support of the summary judgment is an affidavit or declaration made by an individual who was the sole witness to that fact; or where a material fact is an individual's state of mind, or lack thereof, and that fact is sought to be established solely by the individual's affirmation thereof.

(f) (1) A party may move for summary adjudication as to one or more causes of action within an action, one or more affirmative defenses, one or more claims for damages, or one or more issues of duty, if that party contends that the cause of action has no merit or that there is no affirmative defense thereto, or that there is no merit to an affirmative

defense as to any cause of action, or both, or that there is no merit to a claim for damages, as specified in Section 3294 of the Civil Code, or that one or more defendants either owed or did not owe a duty to the plaintiff or plaintiffs. A motion for summary adjudication shall be granted only if it completely disposes of a cause of action, an affirmative defense, a claim for damages, or an issue of duty.

(2) A motion for summary adjudication may be made by itself or as an alternative to a motion for summary judgment and shall proceed in all procedural respects as a motion for summary judgment. However, a party may not move for summary judgment based on issues asserted in a prior motion for summary adjudication and denied by the court, unless that party establishes to the satisfaction of the court, newly discovered facts or circumstances or a change of law supporting the issues reasserted in the summary judgment motion.

(g) Upon the denial of a motion for summary judgment, on the ground that there is a triable issue as to one or more material facts, the court shall, by written or oral order, specify one or more material facts raised by the motion as to which the court has determined there exists a triable controversy. This determination shall specifically refer to the evidence proffered in support of and in opposition to the motion which indicates that a triable controversy exists. Upon the grant of a motion for summary judgment, on the ground that there is no triable issue of material fact, the court shall, by written or oral order, specify the reasons for its determination. The order shall specifically refer to the evidence proffered in support of, and if applicable in opposition to, the motion which indicates that no triable issue exists. The court shall also state its reasons for any other determination. The court shall record its determination by court reporter or written order.

(h) If it appears from the affidavits submitted in opposition to a motion for summary judgment or summary adjudication or both that facts essential to justify opposition may exist but cannot, for reasons stated, then be presented, the court shall deny the motion, or order a continuance to permit affidavits to be obtained or discovery to be had or may make any other order as may be just. The application to continue the motion to obtain necessary discovery may also be made by ex parte motion at any time on or before the date the opposition response to the motion is due.

(i) If, after granting a continuance to allow specified additional discovery, the court determines that the party seeking summary judgment has unreasonably failed to allow the discovery to be conducted, the court shall grant a continuance to permit the discovery to go forward or deny the motion for summary judgment or summary adjudication. This section does not affect or limit the ability of any party

to compel discovery under the Civil Discovery Act (Article 3 (commencing with Section 2016) of Chapter 3 of Title 3 of Part 4.

(j) If the court determines at any time that any of the affidavits are presented in bad faith or solely for purposes of delay, the court shall order the party presenting the affidavits to pay the other party the amount of the reasonable expenses which the filing of the affidavits caused the other party to incur. Sanctions may not be imposed pursuant to this subdivision, except on notice contained in a party's papers, or on the court's own noticed motion, and after an opportunity to be heard.

(k) Except if a separate judgment may properly be awarded in the action, no final judgment may be entered on a motion for summary judgment prior to the termination of the action, but the final judgment shall, in addition to any matters determined in the action, award judgment as established by the summary proceeding herein provided for.

(l) In actions which arise out of an injury to the person or to property, if a motion for summary judgment was granted on the basis that the defendant was without fault, no other defendant during trial, over plaintiff's objection, may attempt to attribute fault to or comment on the absence or involvement of the defendant who was granted the motion.

(m) (1) A summary judgment entered under this section is an appealable judgment as in other cases. Upon entry of any order pursuant to this section, except the entry of summary judgment, a party may, within 20 days after service upon him or her of a written notice of entry of the order, petition an appropriate reviewing court for a peremptory writ. If the notice is served by mail, the initial period within which to file the petition shall be increased by five days if the place of address is within the State of California, 10 days if the place of address is outside the State of California but within the United States, and 20 days if the place of address is outside the United States. If the notice is served by facsimile transmission, Express Mail, or another method of delivery providing for overnight delivery, the initial period within which to file the petition shall be increased by two court days. The superior court may, for good cause, and prior to the expiration of the initial period, extend the time for one additional period not to exceed 10 days.

(2) Before a reviewing court affirms an order granting summary judgment or summary adjudication on a ground not relied upon by the trial court, the reviewing court shall afford the parties an opportunity to present their views on the issue by submitting supplemental briefs. The supplemental briefing may include an argument that additional evidence relating to that ground exists, but that the party has not had an adequate opportunity to present the evidence or to conduct discovery on the issue. The court may reverse or remand based upon the supplemental briefing to allow the parties to present additional evidence or to conduct

discovery on the issue. If the court fails to allow supplemental briefing, a rehearing shall be ordered upon timely petition of any party.

(n) (1) If a motion for summary adjudication is granted, at the trial of the action, the cause or causes of action within the action, affirmative defense or defenses, claim for damages, or issue or issues of duty as to the motion which has been granted shall be deemed to be established and the action shall proceed as to the cause or causes of action, affirmative defense or defenses, claim for damages, or issue or issues of duty remaining.

(2) In the trial of the action, the fact that a motion for summary adjudication is granted as to one or more causes of action, affirmative defenses, claims for damages, or issues of duty within the action shall not operate to bar any cause of action, affirmative defense, claim for damages, or issue of duty as to which summary adjudication was either not sought or denied.

(3) In the trial of an action, neither a party, nor a witness, nor the court shall comment upon the grant or denial of a motion for summary adjudication to a jury.

(o) A cause of action has no merit if either of the following exists:

(1) One or more of the elements of the cause of action cannot be separately established, even if that element is separately pleaded.

(2) A defendant establishes an affirmative defense to that cause of action.

(p) For purposes of motions for summary judgment and summary adjudication:

(1) A plaintiff or cross-complainant has met his or her burden of showing that there is no defense to a cause of action if that party has proved each element of the cause of action entitling the party to judgment on that cause of action. Once the plaintiff or cross-complainant has met that burden, the burden shifts to the defendant or cross-defendant to show that a triable issue of one or more material facts exists as to that cause of action or a defense thereto. The defendant or cross-defendant may not rely upon the mere allegations or denials of its pleadings to show that a triable issue of material fact exists but, instead, shall set forth the specific facts showing that a triable issue of material fact exists as to that cause of action or a defense thereto.

(2) A defendant or cross-defendant has met his or her burden of showing that a cause of action has no merit if that party has shown that one or more elements of the cause of action, even if not separately pleaded, cannot be established, or that there is a complete defense to that cause of action. Once the defendant or cross-defendant has met that burden, the burden shifts to the plaintiff or cross-complainant to show that a triable issue of one or more material facts exists as to that cause of action or a defense thereto. The plaintiff or cross-complainant may not

rely upon the mere allegations or denials of its pleadings to show that a triable issue of material fact exists but, instead, shall set forth the specific facts showing that a triable issue of material fact exists as to that cause of action or a defense thereto.

(q) This section does not extend the period for trial provided by Section 1170.5.

(r) Subdivisions (a) and (b) do not apply to actions brought pursuant to Chapter 4 (commencing with Section 1159) of Title 3 of Part 3.

(s) For the purposes of this section, a change in law does not include a later enacted statute without retroactive application.

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## CHAPTER 449

An act relating to victims of crime, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 10, 2002. Filed with  
Secretary of State September 10, 2002.]

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

SECTION 1. (a) (1) Notwithstanding any other provision of law, the California Victim Compensation and Government Claims Board may authorize payment from the Restitution Fund pursuant to the program for indemnification of victims of crime administered by the board, in an amount equal to the loss of wages up to two thousand dollars (\$2,000) per eligible recipient who is unable to work due to traveling to or from, or attending, or all of these, memorial services or government-initiated events in honor of victims of any of the terrorist attacks that occurred at the World Trade Center and the Pentagon, and in Pennsylvania, on September 11, 2001.

(2) For purposes of this subdivision, "eligible recipient" means any of the following:

(A) A California resident parent, grandparent, sibling, spouse, child, or grandchild of a victim described in paragraph (1), regardless of whether or not the victim was or is a California resident.

(B) A non-California resident parent, grandparent, sibling, spouse, child, or grandchild of a California resident victim described in paragraph (1).

(C) Any other family member of a victim described in paragraph (1), as determined by the board.

(b) Payments made pursuant to this section shall not exceed a collective total of two hundred thousand dollars (\$200,000).



(c) This section shall remain in effect only until January 1, 2004, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2004, 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 that the payments authorized by this act may be made at the earliest possible time, it is necessary that this act take immediate effect.

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## CHAPTER 450

An act to amend Section 76300 of, and to add Sections 68120.5 and 68121 to, the Education Code, relating to postsecondary education.

[Approved by Governor September 10, 2002. Filed with  
Secretary of State September 10, 2002.]

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

SECTION 1. Section 68120.5 of the Education Code is added to read:

68120.5. Any determination of eligibility pursuant to Section 68120 shall be consistent with any findings of the Workers' Compensation Appeals Board, using the same procedures as in workers' compensation hearings, as to whether the death of the person described under subdivision (a) of that section was industrial.

SEC. 2. Section 68121 is added to the Education Code, to read:

68121. (a) Notwithstanding any other provision of law, no mandatory systemwide fees or tuition of any kind shall be required or collected by the Regents of the University of California or the Trustees of the California State University, from a student who is in an undergraduate program and who is the surviving dependent of any individual killed in the September 11, 2001, terrorist attacks on the World Trade Center in New York City, the Pentagon building in Washington, DC, or the crash of United Airlines Flight 93 in southwestern Pennsylvania, if he or she meets the financial need requirements set forth in Section 69432.7 for the Cal Grant A Program and either of the following apply:

(1) The surviving dependent was a resident of California on September 11, 2001.

(2) The individual killed in the attacks was a resident of California on September 11, 2001.



(b) (1) The California Victim Compensation and Government Claims Board shall identify all persons who are eligible for tuition and fee waivers pursuant to this section or subdivision (j) of Section 76300. That board shall notify these persons or, in the case of minors, the parents or guardians of these persons, of their eligibility for tuition and fee waivers under these provisions. This notification shall be in writing, and shall be received by all of the appropriate persons no later than July 1, 2003.

(2) The Trustees of the California State University, the Regents of the University of California and the governing board of each community college district in the state shall waive tuition and fees, as specified in this section and in subdivision (j) of Section 76300, for any person who can demonstrate eligibility. If requested by the California State University, the University of California, Hastings College of the Law, or a California Community College, the California Victim Compensation and Government Claims Board, on a case-by-case basis, shall confirm the eligibility of persons requesting the waiver of tuition and fees, as provided for in this section.

(c) A determination of whether a person is a resident of California on September 11, 2001, shall be based on the criteria set forth in this chapter for determining nonresident and resident tuition.

(d) (1) "Dependent," for purposes of this section, is a person who, because of his or her relationship to an individual killed as a result of injuries sustained during the terrorist attacks of September 11, 2001, qualifies for compensation under the federal September 11th Victim Compensation Fund of 2001 (Title IV (commencing with Section 401) of Public Law 107-42).

(2) A dependent who is the surviving spouse of an individual killed in the terrorist attacks of September 11, 2001, is entitled to the waivers provided in this section until January 1, 2013.

(3) A dependent who is the surviving child, natural or adopted, of an individual killed in the terrorist attacks of September 11, 2001, is entitled to the waivers under this section until that person obtains the age of 30 years.

(4) A dependent of an individual killed in the terrorist attacks of September 11, 2001, who is determined to be eligible by the California Victim Compensation and Government Claims Board, is also entitled to the waivers provided in this section until January 1, 2013.

SEC. 3. Section 76300 of the Education Code is amended to read: 76300. (a) The governing board of each community college district shall charge each student a fee pursuant to this section.

(b) (1) The fee prescribed by this section shall be eleven dollars (\$11) per unit per semester.

(2) The chancellor shall proportionately adjust the amount of the fee for term lengths based upon a quarter system and also shall proportionately adjust the amount of the fee for summer sessions, intersessions, and other short-term courses. In making these adjustments, the chancellor may round the per unit fee and the per term or per session fee to the nearest dollar.

(c) For the purposes of computing apportionments to community college districts pursuant to Section 84750, the chancellor shall subtract from the total revenue owed to each district, 98 percent of the revenues received by districts from charging a fee pursuant to this section.

(d) The chancellor shall reduce apportionments by up to 10 percent to any district that does not collect the fees prescribed by this section.

(e) The fee requirement does not apply to any of the following:

(1) Students enrolled in the noncredit courses designated by Section 84757.

(2) California State University or University of California students enrolled in remedial classes provided by a community college district on a campus of the University of California or a campus of the California State University, for whom the district claims an attendance apportionment pursuant to an agreement between the district and the California State University or the University of California.

(3) Students enrolled in credit contract education courses pursuant to Section 78021, if the entire cost of the course, including administrative costs, is paid by the public or private agency, corporation, or association with which the district is contracting and if these students are not included in the calculation of the average daily attendance of that district.

(f) The governing board of a community college district may exempt special part-time students admitted pursuant to Section 76001 from the fee requirement.

(g) The fee requirements of this section shall be waived for any student who, at the time of enrollment, is a recipient of benefits under the Aid to Families with Dependent Children program, the Supplemental Security Income/State Supplementary Program, or a general assistance program or has demonstrated financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid. The governing board of a community college district also shall waive the fee requirements of this section for any student who demonstrates eligibility according to income standards established by the board of governors and contained in Section 58620 of Title 5 of the California Code of Regulations.

(h) The fee requirements of this section shall be waived for any student who, at the time of enrollment is a dependent, or surviving spouse who has not remarried, of any member of the California National

Guard who, in the line of duty and while in the active service of the state, was killed, died of a disability resulting from an event that occurred while in the active service of the state, or is permanently disabled as a result of an event that occurred while in the active service of the state. "Active service of the state," for the purposes of this subdivision, refers to a member of the California National Guard activated pursuant to Section 146 of the Military and Veterans Code.

(i) The fee requirements of this section shall be waived for any student who is the surviving spouse or the child, natural or adopted, of a deceased person who met all of the requirements of Section 68120.

(j) The fee requirements of this section shall be waived for any student in an undergraduate program, including a student who has previously graduated from another undergraduate or graduate program, who is the dependent of any individual killed in the September 11, 2001, terrorist attacks on the World Trade Center in New York City, the Pentagon building in Washington, DC, or the crash of United Airlines Flight 93 in southwestern Pennsylvania, if he or she meets the financial need requirements set forth in Section 69432.7 for the Cal Grant A Program and either of the following apply:

(1) The dependent was a resident of California on September 11, 2001.

(2) The individual killed in the attacks was a resident of California on September 11, 2001.

(k) A determination of whether a person is a resident of California on September 11, 2001, for purposes of subdivision (j) shall be based on the criteria set forth in Chapter 1 (commencing with Section 68000) of Part 41 for determining nonresident and resident tuition.

(l) (1) "Dependent" for purposes of subdivision (j), is a person who, because of his or her relationship to an individual killed as a result of injuries sustained during the terrorist attacks of September 11, 2001, qualifies for compensation under the federal September 11th Victim Compensation Fund of 2001 (Title IV (commencing with Section 401) of Public Law 107-42).

(2) A dependent who is the surviving spouse of an individual killed in terrorist attacks of September 11, 2001, is entitled to the waivers provided in this section until January 1, 2013.

(3) A dependent who is the surviving child, natural or adopted, of an individual killed in the terrorist attacks of September 11, 2001, is entitled to the waivers under subdivision (j) until that person obtains the age of 30 years.

(4) A dependent of an individual killed in the terrorist attacks of September 11, 2001, who is determined to be eligible by the California Victim Compensation and Government Claims Board, is also entitled to the waivers provided in this section until January 1, 2013.

(m) (1) It is the intent of the Legislature that sufficient funds be provided to support the provision of a fee waiver for every student who demonstrates eligibility pursuant to subdivisions (g) to (j), inclusive.

(2) From funds provided in the annual Budget Act, the board of governors shall allocate to community college districts, pursuant to this subdivision, an amount equal to 2 percent of the fees waived pursuant to subdivisions (g) to (j), inclusive. From funds provided in the annual Budget Act, the board of governors shall allocate to community college districts, pursuant to this subdivision, an amount equal to ninety-one cents (\$0.91) per credit unit waived pursuant to subdivisions (g) to (j), inclusive, for determination of financial need and delivery of student financial aid services, on the basis of the number of students for whom fees are waived. Funds allocated to a community college district for determination of financial need and delivery of student financial aid services shall supplement, and shall not supplant, the level of funds allocated for the administration of student financial aid programs during the 1992–93 fiscal year.

(n) The board of governors shall adopt regulations implementing this section.

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## CHAPTER 451

An act to amend Sections 708.310 and 708.320 of the Code of Civil Procedure, and to amend Section 17302 of the Corporations Code, relating to limited liability companies.

[Approved by Governor September 10, 2002. Filed with  
Secretary of State September 10, 2002.]

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

SECTION 1. Section 708.310 of the Code of Civil Procedure is amended to read:

708.310. If a money judgment is rendered against a partner or member but not against the partnership or limited liability company, the judgment debtor's interest in the partnership or limited liability company may be applied toward the satisfaction of the judgment by an order charging the judgment debtor's interest pursuant to Section 15673, 16504, or 17302 of the Corporations Code.

SEC. 2. Section 708.320 of the Code of Civil Procedure is amended to read:

708.320. (a) A lien on a judgment debtor's interest in a partnership or limited liability company is created by service of a notice of motion

for a charging order on the judgment debtor and on either of the following:

(1) All partners or the partnership.

(2) All members or the limited liability company.

(b) If a charging order is issued, the lien created pursuant to subdivision (a) continues under the terms of the order. If issuance of the charging order is denied, the lien is extinguished.

SEC. 3. Section 17302 of the Corporations Code is amended to read:

17302. (a) On application by a judgment creditor of a member or of a member's assignee, a court having jurisdiction may charge the assignable membership interest of the judgment debtor to satisfy the judgment. The court may appoint a receiver of the share of the distributions due or to become due to the judgment debtor in respect to the limited liability company and may make all other orders, directions, accounts, and inquiries that the judgment debtor might have made or that the circumstances of the case may require.

(b) A charging order constitutes a lien on the judgment debtor's assignable membership interest. The court may order a foreclosure on the membership interest subject to the charging order at any time. The purchaser at the foreclosure sale has the rights of an assignee.

(c) At any time before foreclosure, a membership interest charged may be redeemed in any of the following manners:

(1) By the judgment debtor.

(2) With property other than property of the limited liability company by one or more of the other members.

(3) With property of the limited liability company by one or more of the other members with the consent of all of the members whose membership interests are not so charged.

(d) This section does not deprive any member or assignee of a membership interest of the benefit of any exemption laws applicable to the membership interest in the limited liability company.

(e) This section provides the exclusive remedy by which a judgment creditor of a member or of a member's assignee may satisfy a judgment out of the judgment debtor's membership interest in the limited liability company.

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## CHAPTER 452

An act relating to Medi-Cal.

[Approved by Governor September 10, 2002. Filed with  
Secretary of State September 10, 2002.]

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

SECTION 1. (a) It is the intent of the Legislature to determine ways to simplify the administration of the Medi-Cal program in order to encourage health care service plans and health care providers to participate at a time when funding for these providers is problematic.

(b) The Legislature shall commission a study on how the administration of the Medi-Cal program might be simplified without encouraging fraud or lessening the safeguards in place for Medi-Cal beneficiaries. The study shall focus on creating efficiency in the system while reducing costs to the program, health care service plans, and health care providers in the short term and over the long term.

(c) As part of the process for conducting the study, the contractor shall consult with interested stakeholders with expertise in the administration of the Medi-Cal program, including those experts representing beneficiaries, providers, and local and state government.

(d) The study shall be conducted without the use of state funds.

(e) The results of the study shall be provided to the office of the Legislative Analyst and to the appropriate health policy committees of the Legislature no later than January 1, 2004.

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## CHAPTER 453

An act to add Section 4826.2 to the Business and Professions Code, and to amend Sections 1055.6, 1057, 3050, and 3508 of, and to repeal Sections 3509 and 3510 of, the Fish and Game Code, relating to fish and game, and making an appropriation therefor.

[Approved by Governor September 10, 2002. Filed with  
Secretary of State September 10, 2002.]

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

SECTION 1. Section 4826.2 is added to the Business and Professions Code, to read:

4826.2. Notwithstanding any other provision of law, a veterinarian, registered veterinary technician, or an unregistered assistant working under the supervision of a veterinarian, may provide veterinary care and treatment for any animal restricted pursuant to Section 2118 of the Fish and Game Code. A veterinarian, registered veterinary technician, or an unregistered assistant working under the supervision of a veterinarian, may lawfully possess one or more of the animals only for the period of time that, in his or her judgment, veterinary care and treatment are

necessary. No veterinarian, registered veterinary technician, or unregistered assistant working under the supervision of a veterinarian, has a duty to advise law enforcement if he or she becomes aware that one or more of the animals is possessed in the state. For the purposes of this section, "veterinary care and treatment" does not include boarding when no veterinary care or treatment is required.

SEC. 2. Section 1055.6 of the Fish and Game Code is amended to read:

1055.6. (a) Except as provided in subdivision (b), each license agent authorized pursuant to Section 1055.1 shall remit to the department the fees prescribed in this code or in regulations adopted pursuant to this code for all licenses, permits, reservations, tags, and other entitlements by electronic means, such as electronic fund transfer. In order to facilitate the prompt remittance of revenues, the department is authorized to withdraw funds from the bank account of the license agent, including adjustments, by electronic transfer. License agents shall ensure that the total fees required for all licenses, permits, reservations, tags, or other entitlements necessary to perform the electronic transfer are available on the date specified by the license agent contract.

(b) A license agent shall report to the department on or before the end of the next business day of the department any losses of fees received from the issuing of licenses, permits, reservations, tags, or other entitlements.

(c) The license agent may retain not more than fifteen cents (\$0.15) of the fee received for each Colorado River special use validation issued pursuant to Section 7180.1 as compensation for services. The license agent shall remit to the department the fees prescribed by Section 7180.1, less any amounts retained under this subdivision, for all Colorado River special use validations issued. The license agent shall remit the net fees as prescribed in subdivision (a).

(d) Except as provided in subdivision (b), any fees not transmitted or made available to the department within seven days following the due date as specified by the department are delinquent, and delinquent fees are subject to interest and penalties prescribed in subdivision (b) of Section 1059. Interest and penalties shall be computed beginning one day following the due date as specified by the department.

(e) This section applies only to licenses, permits, reservations, tags, and other entitlements issued through the Automated License Data System.

SEC. 3. Section 1057 of the Fish and Game Code is amended to read:

1057. All license, tag, permit, reservation, and other entitlement money shall be accounted for separately from other funds of a license agent, and shall at all times belong to the state.



SEC. 4. Section 3050 of the Fish and Game Code is amended to read:

3050. (a) No hunting license may be issued to any person unless he or she presents to the person authorized to issue that license any of the following:

(1) Evidence that he or she has held a hunting license issued by this state in a prior year.

(2) Evidence that he or she holds a current hunting license, or a hunting license issued in either of the two previous hunting years by another state or province.

(3) A certificate of completion of a course in hunter safety, principles of conservation, and sportsmanship, as provided in this article, with a hunter safety instruction validation stamp affixed thereto.

(4) A certificate of successful completion of a hunter safety course in another state or province.

(5) Evidence of completion of a course in hunter safety, principles of conservation, and sportsmanship, which the commission may, by regulation, require.

(b) The evidence required in subdivision (a) shall be forwarded to the department with the license agent's report of hunting license sales as required pursuant to Section 1055.5.

(c) Subdivision (a) does not apply to any person purchasing a hunting license under paragraph (5) of subdivision (a) of Section 3031. However, that license may not qualify as evidence required in subdivision (a) of this section.

SEC. 5. Section 3508 of the Fish and Game Code is amended to read:

3508. It is unlawful to break, train, hold field trials with, or practice dogs on any wild game bird or domesticated game bird during the closed season on such bird except as authorized by the commission.

SEC. 6. Section 3509 of the Fish and Game Code is repealed.

SEC. 7. Section 3510 of the Fish and Game 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 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.

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## CHAPTER 454

An act to amend Sections 10509 and 10511 of the Elections Code, and to amend Sections 6588, 6598.5, 6599.1, 8855, 14672.99, 23115, 23119, 25200, 25205, 25526.5, 26881, 26920, 26922, 36936, 37392, 53205.1, 53356.05, 53359.5, 53601, 53635, 53646, and 54960.1 of, to add Section 61601.20 to, and to repeal Sections 26921, 26923, and 29746 of, the Government Code, and to amend Sections 5786.7, 8801, 8815.1, 8815.2, 8815.3, 8817, and 8819 of, to amend and renumber Section 8812 of, to add Section 8812 to, to repeal Sections 8811, 8813.1, and 8813.2 of, and to repeal and add Sections 8813 and 8815.4 of, the Public Resources Code, and to amend Sections 50731.5 and 50731.6 of the Water Code, relating to local government.

[Approved by Governor September 10, 2002. Filed with  
Secretary of State September 10, 2002.]

*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 2002.

(b) The Legislature finds and declares that Californians desire their government 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 operating 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 10509 of the Elections Code is amended to read:

10509. On the 125th day prior to the day fixed for the general district election, the secretary shall deliver a notice to the county elections official. The notice shall bear the secretary's signature and the district seal and shall also contain both of the following:

(a) The elective offices of the district to be filled at the next general district election, specifying which offices, if any, are for the balance of an unexpired term.

(b) Whether the district or the candidate is to pay for the publication of a statement of qualifications pursuant to Section 13307.

SEC. 2.5. Section 10511 of the Elections Code is amended to read:

10511. The declaration of candidacy shall be in substantially the following form:

I, \_\_\_\_\_, do hereby declare myself as a candidate for election to the office of \_\_\_\_\_. (\_\_\_ Initial here if the election in which you are running is for the balance of an unexpired term.) I am a registered voter.

If elected, I will qualify and accept the office of \_\_\_\_\_ and serve to the best of my ability. I request my name be placed on the official ballot of the district for the election to be held on the \_\_\_ day of \_\_\_\_\_, 20\_\_\_, and that my name appear on the ballot as follows:

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(Print name above)

My current residence address is

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and my telephone number is \_\_\_\_\_.

I desire the following occupational designation to appear on the ballot under my name:

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(Print desired designation, if any, above)

This occupational designation is true and in conformance with Section 13107 of the Elections Code.

I am aware that any person who files or submits for filing a declaration of candidacy knowing that it or any part of it has been made falsely is punishable by a fine or imprisonment, or both, as set forth in Section 18203 of the Elections Code.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on \_\_\_\_\_, 20\_\_\_,  
at \_\_\_\_\_ (Place)

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(Signature of Candidate)

SEC. 2.7. Section 6588 of the Government Code is amended to read: 6588. In addition to other powers specified in an agreement pursuant to Article 1 (commencing with Section 6500) and Article 2 (commencing with Section 6540), the authority may do any or all of the following:

(a) Adopt bylaws for the regulation of its affairs and the conduct of its business.

(b) Sue and be sued in its own name.

(c) Issue bonds, including, at the option of the authority, bonds bearing interest, to pay the cost of any public capital improvement, working capital, or liability or other insurance program. In addition, for any purpose for which an authority may execute and deliver or cause to

be executed and delivered certificates of participation in a lease or installment sale agreement with any public or private entity, the authority, at its option, may issue or cause to be issued bonds, rather than certificates of participation, and enter into a loan agreement with the public or private entity.

(d) Engage the services of private consultants to render professional and technical assistance and advice in carrying out the purposes of this article.

(e) As provided by applicable law, employ and compensate bond counsel, financial consultants, and other advisers determined necessary by the authority in connection with the issuance and sale of any bonds.

(f) Contract for engineering, architectural, accounting, or other services determined necessary by the authority for the successful development of a public capital improvement.

(g) Pay the reasonable costs of consulting engineers, architects, accountants, and construction, land-use, recreation, and environmental experts employed by any sponsor or participant if the authority determines those services are necessary for the successful development of public capital improvements.

(h) Take title to, and sell by installment sale or otherwise, lands, structures, real or personal property, rights, rights-of-way, franchises, easements, and other interests in lands that are located within the state that the authority determines are necessary or convenient for the financing of public capital improvements, or any portion thereof.

(i) Receive and accept from any source, loans, contributions, or grants, in either money, property, labor, or other things of value, for, or in aid of, the construction financing, or refinancing of public capital improvement, or any portion thereof or for the financing of working capital or insurance programs, or for the payment of the principal of and interest on bonds if the proceeds of those bonds are used for one or more of the purposes specified in this section.

(j) Make secured or unsecured loans to any local agency in connection with the financing of capital improvement projects, working capital or insurance programs in accordance with an agreement between the authority and the local agency. However, no loan shall exceed the total cost of the public capital improvements, working capital or insurance needs of the local agency as determined by the local agency and by the authority.

(k) Make secured or unsecured loans to any local agency in accordance with an agreement between the authority and the local agency to refinance indebtedness incurred by the local agency in connection with public capital improvements undertaken and completed.

(l) Mortgage all or any portion of its interest in public capital improvements and the property on which any project is located, whether owned or thereafter acquired, including the granting of a security interest in any property, tangible or intangible.

(m) Assign or pledge all or any portion of its interests in mortgages, deeds of trust, indentures of mortgage or trust, or similar instruments, notes, and security interests in property, tangible or intangible, of a local agency to which the authority has made loans, and the revenues therefrom, including payment or income from any interest owned or held by the authority, for the benefit of the holders of bonds issued to finance public capital improvements. The pledge of moneys, revenues, accounts, contract rights, or rights to payment of any kind made by or to the authority pursuant to the authority granted in this part shall be valid and binding from the time the pledge is made for the benefit of the pledgees and successors thereto, against all parties irrespective of whether the parties have notice of the claim.

(n) Lease the public capital improvements being financed to a local agency, upon terms and conditions that the authority deems proper; charge and collect rents therefor; terminate any lease upon the failure of the lessee to comply with any of the obligations of the lease; include in any lease provisions that the lessee shall have options to renew the lease for a period or periods, and at rents as determined by the authority; purchase or sell by an installment agreement or otherwise any or all of the public capital improvements; or, upon payment of all the indebtedness incurred by the authority for the financing or refinancing of the public capital improvements, the authority may convey any or all of the project to the lessee or lessees.

(o) Charge and apportion to local agencies that benefit from its services the administrative costs and expenses incurred in the exercise of the powers authorized by this article. These fees shall be set at a rate sufficient to recover, but not exceed, the authority's costs of issuance and administration. The fee charged to each local obligation acquired by the pool shall not exceed that obligation's proportionate share of those costs. The level of these fees shall be disclosed to the California Debt and Investment Advisory Commission pursuant to Section 6599.1.

(p) Issue, obtain, or aid in obtaining, from any department or agency of the United States or of the state, or any private company, any insurance or guarantee to, or for, the payment or repayment of interest or principal, or both, or any part thereof, on any loan, lease, or obligation or any instrument evidencing or securing the same, made or entered into pursuant to this article.

(q) Notwithstanding any other provision of this article, enter into any agreement, contract, or any other instrument with respect to any insurance or guarantee; accept payment in the manner and form as

provided therein in the event of default by a local agency; and assign any insurance or guarantee that acts as security for the authority's bonds.

(r) Enter into any agreement or contract, execute any instrument, and perform any act or thing necessary, convenient, or desirable to carry out any power authorized by this article.

(s) Invest any moneys held in reserve or sinking funds, or any moneys not required for immediate use or disbursement, in obligations that are authorized by law for the investment of trust funds.

(t) At the request of affected local agencies, combine and pledge revenues to public capital improvements for repayment of one or more series of bonds issued pursuant to this article.

(u) Delegate to any of its individual parties or other responsible individuals the power to act on its behalf subject to its general direction, guidelines, and oversight.

(v) Purchase, with the proceeds of its bonds or its revenue, bonds issued by any local agency at public or negotiated sale. Bonds purchased pursuant to this subdivision may be held by the authority or sold to public or private purchasers at public or negotiated sale, in whole or in part, separately or together with other bonds issued by the authority.

(w) Set any other terms and conditions on any purchase or sale pursuant to this section as it deems by resolution to be necessary, appropriate, and in the public interest, in furtherance of the purposes of this article.

SEC. 3. Section 6598.5 of the Government Code is amended to read:

6598.5. Local agencies may request advice from the California Debt and Investment Advisory Commission pursuant to Section 8859 regarding the formation of local bond pooling authorities and the planning, preparing, insuring, marketing, and selling of bonds as authorized pursuant to this article.

SEC. 4. Section 6599.1 of the Government Code is amended to read:

6599.1. (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, as required by Chapter 11.5 (commencing with Section 8855) of Division 1 of Title 2.

(b) Beginning January 1, 1996, each year after the sale of any bonds by the authority for the purpose of acquiring local obligations, the legislative body shall, not later than October 30 of each year until the final maturity of the bonds, supply the following information to the California Debt and Investment Advisory Commission by mail, postage prepaid:

(1) The principal amount of bonds outstanding, both authority bonds and local obligations acquired with the proceeds of authority bonds.

(2) The balance in the reserve fund.

- (3) The costs of issuance, including any ongoing fees.
- (4) The total amount of administrative fees collected.
- (5) The amount of administrative fees charged to each local obligation.
- (6) The interest earnings and terms of all guaranteed investment contracts.

- (7) Commissions and fees paid on guaranteed investment contracts.
- (8) The delinquency rates on all local obligations.
- (9) The balance in capitalized interest accounts.

(c) In addition, with respect to any bonds sold pursuant to this article, regardless of 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, 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 issued by the authority or any bonds acquired by the authority.

(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. 5. 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, sold and outstanding, 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. 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. 6. Section 14672.99 of the Government Code is amended to read:

14672.99. (a) Notwithstanding Section 14670, the Director of General Services, with the consent of the Department of the Youth Authority, shall lease a five acre portion of the Ione Youth Facility as designated by the Department of the Youth Authority, for a term not to exceed 30 years and at the rate of one dollar (\$1) per year, to the County of Amador for use as a regional juvenile detention facility.

(b) The lease shall provide that the property shall be leased "as is" and that the state shall have no liability for repairs, rehabilitation, or other improvements. It shall provide that the lessee county shall complete the detention facility not later than three years after the effective date of the lease, and that the facility shall be operated by the County of Amador pursuant to the terms of the lease.

(c) The lease described in this section shall be exempt from the requirements of Division 13 (commencing with Section 21000) of the Public Resources Code.

(d) The Department of General Services shall be reimbursed for its costs related to the lease, including, but not limited to, any survey costs, title transfer fees, and department staff time.

(e) The Legislature finds and declares that the lease of a portion of the Ione Youth Facility to the County of Amador for use as a juvenile detention facility pursuant to this section, is for a statewide public purpose.

SEC. 6.5. Section 23115 of the Government Code is amended to read:

23115. The boundaries of Kern County are as follows:

Beginning at the northwest corner, being the common corner of San Luis Obispo, Kings, and Kern; thence east, on the sixth standard south of Mount Diablo base, to the northwest corner of Sec. 1, T. 25 S., R. 40 E., M. D. B. & M., said point being the northeast corner of Kern and the northwest corner of San Bernardino; thence south on the westerly line of San Bernardino to the southeast corner of Sec. 32, T. 9 N., R. 7 W., S. B. B. & M., forming the southeast corner of Kern; thence west along the township line between T. 8 and 9 N. of San Bernardino base to the east line of Sec. 2, T. 8 N., R. 19 W., S. B. B. & M., thence south, along said east line, to the south line of said Sec. 2.; thence west, along said south line, and the south line of Sec. 3, T. 8 N., 19 W., S. B. B. & M. to the east right-of-way line of Interstate 5; thence north, along said right-of-way line to a point on the north line of said Sec. 3; thence west along the township line between T. 8 and 9 N. of San Bernardino base to a point on the north line of Sec. 4, T. 8 N., R. 19 W., S. B. B. & M.,

said point being the northwest corner of Los Angeles; thence southeasterly along the westerly line of Los Angeles to the southerly line of Sec. 10, T. 8 N., R. 19 W., S. B. B. & M., said point being the corner common to Ventura, Los Angeles, and Kern; thence westerly and northwesterly along the northern boundary of Ventura to the corner common to Santa Barbara, Ventura, and Kern; thence along the northern boundary of Santa Barbara to the corner common to San Luis Obispo, Santa Barbara, and Kern; thence northerly along the eastern boundary of San Luis Obispo to the place of beginning.

SEC. 6.7. Section 23119 of the Government Code is amended to read:

23119. The boundaries of Los Angeles County are as follows:

Beginning at a point in the southwesterly boundary line of the State of California, said point being on the southerly prolongation of the westerly boundary line of Rancho Topanga Malibu Sequit; thence northerly along said prolongation and westerly line of said rancho to the northwesterly corner thereof; thence northeasterly in a direct line to corner number seven of the boundary of Rancho Simi; thence easterly along line number seven, northerly along line number eight, easterly along line number nine of the boundary of Rancho Simi to corner number ten of the boundary of Rancho Simi; thence following the boundary line as surveyed by E. T. Wright and J. T. Stow, county surveyors, in June and July, 1881, as shown on map recorded in book 43, page 25 et seq., miscellaneous records of Los Angeles County as follows: north 105.01 chains to a point; thence north 07 degrees 29 minutes W., 157.50 chains to a point; thence north 21 degrees 57 minutes W., to a point in the north line of Sec. 4, T. 8 N., R. 19 W., S. B. B. & M., distant westerly along said north line 1,400 feet, more or less, from the northeast corner of said Sec. 4, said point being common to the boundaries of Kern, Ventura, and Los Angeles; thence east along the north line of T. 8 N., S. B. B. & M., to the easterly line of Golden State Freeway (Interstate 5); thence southwesterly, southerly, and southeasterly along said easterly line to the south line of Sec. 3, T. 8 N., R. 19 W., S. B. B. & M.; thence easterly along said south line and the south line of Sec. 2, T. 8 N., R. 19 W., S. B. B. & M., to the southeast corner of said Sec. 2; thence northerly along the east line of said Sec. 2 to the north line of T. 8 N., S. B. M.; thence easterly along the north line of T. 8 N., S. B. B. & M. to the northeast corner of T. 8 N., R. 8 W., S. B. B. & M., said corner being a point common to the boundaries of San Bernardino, Kern, and Los Angeles;

Thence south along the range line between R. 7 and 8 W., to the southeast corner of T. 6 N., R. 8 W., S. B. B. & M.; thence east along the township line between T. 5 and 6 N., to the northeast corner of T. 5 N., R. 8 W., S. B. B. & M.; thence south along the range line between R. 7

and 8 W., to a point in the east line of Sec. 12, T. 4 N., R. 8 W., S. B. B. & M., distant southerly 940 feet, measured along said east line, from the northeast corner of said Sec. 12; thence southerly in a direct line to the summit of San Antonio Peak; thence southerly along a straight line which passes through the northwest corner of Rancho Cucamonga to a point in said straight line distant south  $11^{\circ}51'04''$  west thereon, 333.81 feet from its intersection with the north line of Tract 37, T. 2 N., R. 7 W., S. B. B. & M.; thence north  $25^{\circ}38'59''$  west, 15.06 feet; thence south  $70^{\circ}15'29''$  west, 47.76 feet; thence south  $09^{\circ}57'30''$  east, 62.51 feet; thence south  $34^{\circ}17'02''$  east, 36.94 feet to said straight line; thence continuing southerly along said straight line to a point in said straight line distant north  $11^{\circ}51'04''$  east, 547.37 feet from its intersection with the south line of said Tract 37; thence south  $84^{\circ}57'02''$  west, 35.25 feet; thence south  $23^{\circ}47'27''$  west, 75.70 feet to the beginning of a nontangent curve concave to the southwest having a radius of 181.00 feet and to which beginning a radial line bears south  $29^{\circ}24'24''$  west; thence southeasterly along said curve through a central angle of  $12^{\circ}08'32''$  an arc distance of 38.36 feet to the beginning of a reverse curve concave to the northeast having a radius of 169.00 feet; thence southeasterly 16.07 feet along said curve through a central angle of  $05^{\circ}26'52''$  to said straight line; thence southwest in a direct line to the northwest corner of Rancho Cucamonga, thence southwesterly along the northwesterly boundary line of Rancho Cucamonga to the most westerly corner of Rancho Cucamonga; thence southwesterly in a direct line to the northeast corner of Rancho San Jose; thence southwesterly and westerly along the easterly and southerly boundary lines of Rancho San Jose to the range line between R. 8 and 9 W. in T. 2 S., S. B. B. & M.;

Thence south along the range line between R. 8 and 9 W., to the southeast corner of Sec. 12, T. 2 S., R. 9 W., S. B. B. & M., said corner being an angle point in the boundary line of Rancho Santa Ana del Chino; thence westerly, southwesterly, southerly, easterly, and southerly along the boundary line of Rancho Santa Ana del Chino to the southwest corner of Rancho Santa Ana del Chino, said corner being the center of Sec. 35, T. 2 S., R. 9 W., S. B. B. & M.; thence southeasterly in a straight line to a point in the south line of Sec. 36, T. 2 S., R. 9 W., S. B. B. & M., distant 52.84 feet easterly thereon from the southwest corner of said Sec. 36, said point being common to the boundaries of San Bernardino, Orange, and Los Angeles; thence westerly along the northern line of Orange to the southeasterly corner of Tract No. 46685 filed in Book 1209, pages 56 and 57, of Maps, in the office of the Recorder of the County of Los Angeles, said southeasterly corner being common to the boundaries of Orange and Los Angeles; thence northerly following along the boundary of said Tract No. 46685, the following courses: north  $13^{\circ}53'07''$  east 100.12 feet, north  $76^{\circ}01'25''$  west 1018.58 feet, north

85°34'56" west 163.25 feet, and south 00°57'29" west 47.01 feet to a point in the northerly line of Tract No. 25335, filed in Book 775, pages 35 and 36, of said Maps, said point distant westerly along said northerly line 10.26 feet from the northeasterly corner of said Tract No. 25335; thence northwesterly following along the boundary of said Tract No. 25335 the following courses: north 76°00'59" west 1224.52 feet and south 00°52'39" west 564.75 feet to a point on the boundary common to Orange and Los Angeles; thence westerly along the northern line of Orange to the southwesterly boundary line of the State of California; thence northwesterly along the southwesterly boundary line of the State of California to the point of beginning. Also the Islands of Santa Catalina and San Clemente.

SEC. 7. Section 25200 of the Government Code is amended to read: 25200. The board of supervisors may divide the county into election, road, and supervisorial districts and change their boundaries as convenience requires.

SEC. 8. Section 25205 of the Government Code is amended to read: 25205. If any county officer performs municipal duties imposed by a charter framed under Section 8 of Article XI of the California Constitution, the compensation and expense of the officer may be apportioned by the board of supervisors in proportion to the duties performed as a county officer under the general laws and performed as a municipal officer under the charter provision. The compensation determined to be for the performance of municipal duties shall be paid from municipal funds and the compensation determined to be for county duties shall be paid from county funds.

SEC. 8.5. Section 25526.5 of the Government Code is amended to read:

25526.5. Whenever the board of supervisors determines that any real property or interest therein belonging to the county is no longer necessary for county or other public purposes, and its estimated value does not exceed twenty-five thousand dollars (\$25,000), the county may sell, exchange, quitclaim, or convey that real property or interest therein in the manner and upon the terms and conditions approved by the board of supervisors without complying with any other sections in this article. The board of supervisors may, by ordinance, designate an appropriate county officer or officers to execute sales of the real property or interest therein, provided that notice of intention that the county officer or officers will execute the sale shall be posted in a public place for five working days prior to effecting the transfer.

SEC. 9. Section 26881 of the Government Code is amended to read: 26881. The county auditor, or in counties that have the office of controller, the auditor-controller shall be the chief accounting officer of the county. Upon order of the board of supervisors, the auditor or

auditor-controller shall prescribe, and shall exercise a general supervision, including the ability to review departmental and countywide internal controls, over the accounting forms and the method of keeping the accounts of all offices, departments and institutions under the control of the board of supervisors and of all districts whose funds are kept in the county treasury.

SEC. 10. Section 26920 of the Government Code is amended to read:

26920. (a) At least once in each quarter, the county auditor shall perform a review of the treasurer's statement of assets in the county treasury. The auditor's review shall be accomplished in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. 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 Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

(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. 11. Section 26921 of the Government Code is repealed.

SEC. 12. Section 26922 of the Government Code is amended to read:

26922. One copy of the report prepared pursuant to Section 26920 shall be filed in the office of the clerk of the board of supervisors, and the auditor shall post and maintain the other in his or her office for at least one quarter.

SEC. 13. Section 26923 of the Government Code is repealed.

SEC. 14. Section 29746 of the Government Code is repealed.

SEC. 15. Section 36936 of the Government Code is amended to read:

36936. Resolutions, orders for the payment of money, and all ordinances require a recorded majority vote of the total membership of the city council.

SEC. 16. Section 37392 of the Government Code is amended to read:

37392. A city or any of its departments may lease or sublease land to the state for housing personnel and equipment, or to the State Adjutant General for military or armory purposes, for not to exceed 99 years.

SEC. 17. Section 53205.1 of the Government Code is amended to read:

53205.1. (a) From funds under its jurisdiction, the legislative body may authorize payment of all or any portion as it may elect of the premiums, dues, or other charges for health and welfare benefits on the spouse and dependent children under the age of 21, dependent children under the age of 25 who are full-time students at a college or university, and dependent children regardless of age who are physically or mentally incapacitated, of those officers and employees, including retired officers and employees, subject to the jurisdiction and for whom those health and welfare benefits have been provided.

(b) Those expenditures are charges against the funds. If the employer pays any portion of the premiums for that insurance, any dividend paid or premiums refunded under any such insurance up to the aggregate expenditures of the employer for that insurance are the employer's property. The excess, if any, shall be applied by the employer for the benefit of insured employees or their dependents generally.

SEC. 18. Section 53356.05 of the Government Code is amended to read:

53356.05. The bond indenture or other bond documents may provide that the legislative body agrees to notify one or more parties, including the underwriter or other first purchaser of the bonds, an appropriate national repository for bond information approved by the Securities and Exchange Commission, or the California Debt and Investment Advisory Commission, if specified events occur that may affect the market value of outstanding bonds. These events may include, but are not limited to, the following, for example:

(a) Withdrawal of funds from any reserve fund for the bonds, such that the balance in the fund falls below a specified percentage of the amount required by bond documents.

(b) Draw upon a letter of credit or other credit enhancement for the bonds.

(c) Filing for bankruptcy by a developer or other owner of more than a specified percentage of the area or property value within the district.

(d) Unforeseen discovery of toxic materials or rare and endangered plant or animal species within areas of the district proposed for development.

SEC. 19. 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, 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:

- (1) The principal amount of bonds outstanding.
- (2) The balance in the bond reserve fund.
- (3) The balance in the capitalized interest fund, if any.
- (4) The number of parcels that are delinquent with respect to their special tax payments, the amount that each parcel is delinquent, the length of time that each has been delinquent, and when foreclosure was commenced for each delinquent parcel.
- (5) The balance in any construction funds.
- (6) The assessed value of all parcels subject to special tax to repay the bonds as shown on the most recent equalized roll.

(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, 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. 20. Section 53601 of the Government Code is amended to read:

53601. This section shall apply to a local agency that is a city, a district, or other local agency that does not pool money in deposits or investments with other local agencies, other than local agencies that have the same governing body. However, Section 53635 shall apply to all local agencies that pool money in deposits or investments with other local agencies that have separate governing bodies. The legislative body of a local agency having money in a sinking fund or money in its treasury not required for the immediate needs of the local agency may invest any portion of the money that it deems wise or expedient in those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered,



or nonregistered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency's funds, by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book entry delivery.

For purposes of this section, "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:

(a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

(b) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

(d) Bonds, notes, warrants, or other evidences of indebtedness of any local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

(e) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

(f) Bankers acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers acceptances may not exceed 180 days' maturity or 40 percent



of the agency's money that may be invested pursuant to this section. However, no more than 30 percent of the agency's money may be invested in the bankers acceptances of any one commercial bank pursuant to this section.

This subdivision does not preclude a municipal utility district from investing any money in its treasury in any manner authorized by the Municipal Utility District Act (Division 6 (commencing with Section 11501) of the Public Utilities Code).

(g) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by Moody's Investors Service, Inc. (Moody's), Standard and Poor's (S&P), or Fitch Financial Services, Inc. (Fitch). The corporation that issues the commercial paper shall be organized and operating within the United States, shall have total assets in excess of five hundred million dollars (\$500,000,000), and shall issue debt, other than commercial paper, if any, that is rated "A" or higher by Moody's, S&P, or Fitch. Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city and county, may invest no more than 25 percent of their money in eligible commercial paper. Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper of any single corporate issue. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635.

(h) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30 percent of the agency's money which may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the money are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or any person with investment decisionmaking authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee

of the state or federal credit union issuing the negotiable certificates of deposit.

(i) (1) Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements of any securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

(2) Investments in repurchase agreements may be made, on any investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

(3) Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:

(A) The security to be sold on reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.

(B) The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.

(C) The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(D) Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty by way of a reverse repurchase agreement or securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement or securities lending agreement, unless the reverse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(4) (A) Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security may only be made upon prior approval of the governing body of the local agency and shall only be made with primary

dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.

(B) For purposes of this chapter, “significant banking relationship” means any of the following activities of a bank:

(i) Involvement in the creation, sale, purchase, or retirement of a local agency’s bonds, warrants, notes, or other evidence of indebtedness.

(ii) Financing of a local agency’s activities.

(iii) Acceptance of a local agency’s securities or funds as deposits.

(5) (A) “Repurchase agreement” means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank’s customer book-entry account may be used for book-entry delivery.

(B) “Securities,” for purpose of repurchase under this subdivision, means securities of the same issuer, description, issue date, and maturity.

(C) “Reverse repurchase agreement” means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.

(D) “Securities lending agreement” means an agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

(E) For purposes of this section, the base value of the local agency’s pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.

(F) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

(j) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated “A” or better by a

nationally recognized rating service. Purchases of medium-term notes shall not include other instruments authorized by this section and may not exceed 30 percent of the agency's money that may be invested pursuant to this section.

(k) (1) Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (j), inclusive, or subdivisions (m) or (n) and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company's board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.

(2) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.).

(3) If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (j), inclusive, or subdivisions (m) or (n) and with assets under management in excess of five hundred million dollars (\$500,000,000).

(4) If investment is in shares issued pursuant to paragraph (2), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).

(5) The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include any commission that the companies may charge and shall not exceed 20 percent of the agency's

money that may be invested pursuant to this section. However, no more than 10 percent of the agency's funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

(l) Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

(m) Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

(n) Any mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond of a maximum of five years' maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by a nationally recognized rating service and rated in a rating category of "AA" or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized by this subdivision may not exceed 20 percent of the agency's surplus money that may be invested pursuant to this section.

SEC. 21. Section 53635 of the Government Code is amended to read:

53635. This section shall apply to a local agency that is a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. However, Section 53601 shall apply to all local agencies that pool money in deposits or investments exclusively with local agencies that have the same governing body.

This section shall be interpreted in a manner that recognizes the distinct characteristics of investment pools and the distinct administrative burdens on managing and investing funds on a pooled basis pursuant to Article 6 (commencing with Section 27130) of Chapter 5 of Division 2 of Title 3.

A local agency that is a county, a city and county, or other local agency that pools money in deposits or investments with other agencies may invest in commercial paper pursuant to subdivision (g) of Section 53601, except that the local agency shall be subject to the following concentration limits:

(a) No more than 40 percent of the local agency's money may be invested in eligible commercial paper.

(b) No more than 10 percent of the local agency's money that may be invested pursuant to this section may be invested in the outstanding commercial paper of any single corporate issuer.

(c) No more than 10 percent of the outstanding commercial paper of any single corporate issuer may be purchased by the local agency.

SEC. 21.5. Section 53635 of the Government Code is amended to read:

53635. (a) This section shall apply to a local agency that is a county, a city and a county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. However, Section 53601 shall apply to all local agencies that pool money in deposits or investments exclusively with local agencies that have the same governing body.

This section shall be interpreted in a manner that recognizes the distinct characteristics of investment pools and the distinct administrative burdens on managing and investing funds on a pooled basis pursuant to Article 6 (commencing with Section 27130) of Chapter 5 of Division 2 of Title 3.

A local agency that is a county, a city and county, or other local agency that pools money in deposits or investments with other agencies may invest in commercial paper pursuant to subdivision (g) of Section 53601, except that the local agency shall be subject to the following concentration limits:

(1) No more than 40 percent of the local agency's money may be invested in eligible commercial paper.

(2) No more than 10 percent of the local agency's money that may be invested pursuant to this section may be invested in the outstanding commercial paper of any single corporate issuer.

(3) No more than 10 percent of the outstanding commercial paper of any single corporate issuer may be purchased by the local agency.

(b) Notwithstanding Section 53601, the City of Los Angeles shall be subject to the concentration limits of this section for counties and cities

and counties with regard to the investment of money in eligible commercial paper.

SEC. 22. Section 53646 of the Government Code is amended to read:

53646. (a) (1) In the case of county government, the treasurer shall annually render to the board of supervisors and any oversight committee a statement of investment policy, which the board shall review and approve at a public meeting. Any change in the policy shall also be reviewed and approved by the board at a public meeting.

(2) In the case of any other local agency, the treasurer or chief fiscal officer of the local agency shall annually render to the legislative body of that local agency and any oversight committee of that local agency a statement of investment policy, which the legislative body of the local agency shall consider at a public meeting. Any change in the policy shall also be considered by the legislative body of the local agency at a public meeting.

(b) (1) The treasurer or chief fiscal officer shall render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. The quarterly report shall be so submitted within 30 days following the end of the quarter covered by the report. Except as provided in subdivisions (e) and (f), this report shall include the type of investment, issuer, date of maturity par and dollar amount invested on all securities, investments and moneys held by the local agency, and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation.

(2) The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance.

(3) The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

(4) In the quarterly report, a subsidiary ledger of investments may be used in accordance with accepted accounting practices.

(c) Pursuant to subdivision (b), the treasurer or chief fiscal officer shall report whatever additional information or data may be required by the legislative body of the local agency.



(d) The legislative body of a local agency may elect to require the report specified in subdivision (b) to be made on a monthly basis instead of quarterly.

(e) For local agency investments that have been placed in the Local Agency Investment Fund, created by Section 16429.1, in National Credit Union Share Insurance Fund-insured accounts in a credit union, in accounts insured or guaranteed pursuant to Section 14858 of the Financial Code, or in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of these, the treasurer or chief fiscal officer may supply to the governing body, chief executive officer, and the auditor of the local agency the most recent statement or statements received by the local agency from these institutions in lieu of the information required by paragraph (1) of subdivision (b) regarding investments in these institutions.

(f) The treasurer or chief fiscal officer shall not be required to render a quarterly report, as required by subdivision (b), to a legislative body or any oversight committee of a school district or county office of education for securities, investments, or moneys held by the school district or county office of education in individual accounts that are less than twenty-five thousand dollars (\$25,000).

(g) Except as provided in subdivisions (h) and (i), each city, county, or city and county shall submit copies of its second and fourth quarter reports to the California Debt and Investment Advisory Commission within 60 days after the close of the second and fourth quarters of each calendar year. Any city, county, or city and county not required to submit a report pursuant to subdivision (h) or (i) shall file with the commission a written statement within 60 days of the end of the second and fourth quarters of the calendar year stating the distribution and amount of its investment portfolio and that it is therefore not subject to this reporting requirement. This subdivision shall become inoperative on January 1, 2007.

(h) A city shall not be required to submit a quarterly report to the commission if, during the entire reporting period, the city has maintained 100 percent of its investment portfolio in (1) the treasury of the county in which it is located for investment by the county treasurer pursuant to Section 53684, (2) the Local Agency Investment Fund created by Section 16429.1, (3) National Credit Union Share Insurance Fund-insured accounts in a credit union, in accounts insured or guaranteed pursuant to Section 14858 of the Financial Code, or in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, or (4) in any combination of these.

(i) A county or city and county shall not be required to submit a quarterly report to the commission if, during the entire reporting period,



the county has maintained 100 percent of its investment portfolio in (1) the Local Agency Investment Fund created by Section 16429.1, (2) National Credit Union Share Insurance Fund-insured accounts in a credit union, in accounts insured or guaranteed pursuant to Section 14858 of the Financial Code, or in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, or (3) in any combination of these.

(j) The city, county, or city and county investor of any public funds, no later than 60 days after the close of the second quarter of each calendar year and 60 days after the subsequent amendments thereto, shall provide the statement of investment policy required pursuant to this section, to the California Debt and Investment Advisory Commission.

SEC. 23. Section 54960.1 of the Government Code is amended to read:

54960.1. (a) The district attorney or any interested person may commence an action by mandamus or injunction for the purpose of obtaining a judicial determination that an action taken by a legislative body of a local agency in violation of Section 54953, 54954.2, 54954.5, 54954.6, 54956, or 54956.5 is null and void under this section. Nothing in this chapter shall be construed to prevent a legislative body from curing or correcting an action challenged pursuant to this section.

(b) Prior to any action being commenced pursuant to subdivision (a), the district attorney or interested person shall make a demand of the legislative body to cure or correct the action alleged to have been taken in violation of Section 54953, 54954.2, 54954.5, 54954.6, 54956, or 54956.5. The demand shall be in writing and clearly describe the challenged action of the legislative body and nature of the alleged violation.

(c) (1) The written demand shall be made within 90 days from the date the action was taken unless the action was taken in an open session but in violation of Section 54954.2, in which case the written demand shall be made within 30 days from the date the action was taken.

(2) Within 30 days of receipt of the demand, the legislative body shall cure or correct the challenged action and inform the demanding party in writing of its actions to cure or correct or inform the demanding party in writing of its decision not to cure or correct the challenged action.

(3) If the legislative body takes no action within the 30-day period, the inaction shall be deemed a decision not to cure or correct the challenged action, and the 15-day period to commence the action described in subdivision (a) shall commence to run the day after the 30-day period to cure or correct expires.

(4) Within 15 days of receipt of the written notice of the legislative body's decision to cure or correct, or not to cure or correct, or within 15 days of the expiration of the 30-day period to cure or correct, whichever

is earlier, the demanding party shall be required to commence the action pursuant to subdivision (a) or thereafter be barred from commencing the action.

(d) An action taken that is alleged to have been taken in violation of Section 54953, 54954.2, 54954.5, 54954.6, 54956, or 54956.5 shall not be determined to be null and void if any of the following conditions exist:

(1) The action taken was in substantial compliance with Sections 54953, 54954.2, 54954.5, 54954.6, 54956, and 54956.5.

(2) The action taken was in connection with the sale or issuance of notes, bonds, or other evidences of indebtedness or any contract, instrument, or agreement thereto.

(3) The action taken gave rise to a contractual obligation, including a contract let by competitive bid other than compensation for services in the form of salary or fees for professional services, upon which a party has, in good faith and without notice of a challenge to the validity of the action, detrimentally relied.

(4) The action taken was in connection with the collection of any tax.

(5) Any person, city, city and county, county, district, or any agency or subdivision of the state alleging noncompliance with subdivision (a) of Section 54954.2, Section 54956, or Section 54956.5, because of any defect, error, irregularity, or omission in the notice given pursuant to those provisions, had actual notice of the item of business at least 72 hours prior to the meeting at which the action was taken, if the meeting was noticed pursuant to Section 54954.2, or 24 hours prior to the meeting at which the action was taken if the meeting was noticed pursuant to Section 54956, or prior to the meeting at which the action was taken if the meeting is held pursuant to Section 54956.5.

(e) During any action seeking a judicial determination pursuant to subdivision (a) if the court determines, pursuant to a showing by the legislative body that an action alleged to have been taken in violation of Section 54953, 54954.2, 54954.5, 54954.6, 54956, or 54956.5 has been cured or corrected by a subsequent action of the legislative body, the action filed pursuant to subdivision (a) shall be dismissed with prejudice.

(f) The fact that a legislative body takes a subsequent action to cure or correct an action taken pursuant to this section shall not be construed or admissible as evidence of a violation of this chapter.

SEC. 23.5. Section 61601.20 is added to the Government Code, to read:

61601.20. Notwithstanding Sections 61600 and 61601, whenever the Board of Directors of the Nipomo Community Services District determines, by resolution, that it is feasible, economically sound, and in the public interest for the district to exercise its powers for the purpose of installing or planting and maintaining landscaping within public

street rights-of-way or easements within the district, the board may adopt that additional purpose by resolution, and thereafter the powers of the district may be exercised for that purpose. The district shall, for the purpose of installing or planting and maintaining landscaping, be authorized to provide for and accomplish that purpose through proceedings pursuant to the Landscaping and Lighting Act of 1972 (Part 2 (commencing with Section 22500) of Division 15 of the Streets and Highways Code). Prior to imposing any assessments authorized by this section, the district shall comply with Article XIII D of the California Constitution.

SEC. 23.7. Section 5786.7 of the Public Resources Code is amended to read:

5786.7. Notwithstanding any other provision of law:

(a) If a majority of the voters voting on the question at a general district or special district election are in favor, the Parker Dam Recreation and Park District may do all of the following:

(1) Purchase or lease electric power from any public agency or private entity for use within the district's boundaries.

(2) Acquire water and water rights and do any act necessary to furnish sufficient water for beneficial use within the district's boundaries.

(3) Sell, dispose of, and distribute water and electric power for use within the district's boundaries.

(4) Provide street lighting facilities and services.

(b) Provided that the authority to exercise these powers is approved by the local agency formation commission and conforms to Article XIII C of the California Constitution, the Camp Meeker Recreation and Park District may exercise the powers of a county water district pursuant to:

(1) Article 1 (commencing with Section 31000) to Article 9 (commencing with Section 31100), inclusive, of Part 5 of Division 12 of the Water Code.

(2) Part 6 (commencing with Section 31300) of Division 12 of the Water Code.

(3) Part 7 (commencing with Section 31650) of Division 12 of the Water Code.

(c) The Coachella Valley Recreation and Park District and the Hesperia Recreation and Park District may provide street lighting facilities and services.

(d) The Lucerne Recreation and Park District may exercise any of the powers, functions, and duties of a fire protection district pursuant to the Fire Protection District Law of 1987, Part 3 (commencing with Section 13800) of Division 12 of the Health and Safety Code.

SEC. 24. Section 8801 of the Public Resources Code is amended to read:

8801. (a) The system of plane coordinates that has been established by the United States Coast and Geodetic Survey for defining and stating the positions or locations of points on the surface of the earth within the State of California is based on the North American Datum of 1927 and is identified as the "California Coordinate System." After January 1, 1987, this system shall be known as the "California Coordinate System of 1927."

(b) The system of plane coordinates which has been established by the National Geodetic Survey for defining and stating the positions or locations of points on the surface of the earth within the State of California and which is based on the North American Datum of 1983 shall be known as the "California Coordinate System of 1983."

(c) As used in this chapter:

(1) "NAD27" means the North American Datum of 1927.

(2) "CCS27" means the California Coordinate System of 1927.

(3) "NAD83" means the North American Datum of 1983.

(4) "CCS83" means the California Coordinate System of 1983.

(5) "USC&GS" means the United States Coast and Geodetic Survey.

(6) "NGS" means the National Geodetic Survey or its successor.

(7) "FGCS" means the Federal Geodetic Control Subcommittee or its successor.

(8) "CSRC" means the California Spatial Reference Center or its successor.

(9) "CSRS-H" means the California Spatial Reference System-Horizontal.

(10) For the purposes of State Plane Coordinates, first order or better FGCS accuracy standards are considered equivalent to two centimeter or better horizontal accuracy as defined by the Federal Geographic Data Committee's "Geospatial Positioning Accuracy Standards, Part 2: Standards for Geodetic Networks." Second order or better accuracy is similarly considered as equivalent to five centimeter or better accuracy pursuant to the same federal standards.

(d) The use of the term "State Plane Coordinates" refers only to CCS27 and CCS83 coordinates.

(e) The system of horizontal geodetic control stations within California whose horizontal positions have been determined by Global Positioning System survey methods in accordance with first order or better FGCS standards and specifications and whose positions are published by the NGS, CSRC, or its successor, shall be known as the "California Spatial Reference System-Horizontal."

SEC. 25. Section 8811 of the Public Resources Code is repealed.

SEC. 26. Section 8812 of the Public Resources Code is amended and renumbered to read:

8811. If the survey of any parcel of land extends from one coordinate zone into another, the positions of all points delineated upon the map thereof may be referred to either of these zones. The zone which is used shall be specifically named in the title upon the map.

SEC. 27. Section 8812 is added to the Public Resources Code, to read:

8812. Prior to January 1, 2000, state plane coordinates shall be based on, or derived from, the plane coordinates of monumented second order or better horizontal control stations that have been published by the USC&GS or NGS. Any survey or map that uses those coordinates shall be based on, and show, established field-observed direct connections to at least two stations of corresponding or better accuracy whose credentials are based upon published stations of the USC&GS or NGS. The geodetic positions of CCS27 and CCS83 stations that are used to increase the density of control and that purport to be of second order or better accuracy shall have been surveyed in conformity with the applicable survey standards and specifications in effect at the time of the survey as defined by the FGCS.

SEC. 28. Section 8813 of the Public Resources Code is repealed.

SEC. 29. Section 8813 is added to the Public Resources Code, to read:

8813. After December 31, 1999, any survey or map that uses state plane coordinates or geodetic positions shall be based on, and show, field-observed direct connections to at least two stations that are one of the following:

(a) Included in the CSRS-H.

(b) Located outside the State of California and meet all the requirements for inclusion in the CSRS-H, as defined in subdivision (e) of Section 8801, except for the requirement that they be inside California.

(c) Shown on a subdivision map, record of survey, or a map filed with the county surveyor by a public officer and whose horizontal positions have been determined by Global Positioning System survey methods in accordance with first order or better FGCS standards and specifications and whose state plane coordinates are based on field-observed direct, nontrivial connections to at least two stations that are included in subdivision (a) or (b).

SEC. 30. Section 8813.1 of the Public Resources Code is repealed.

SEC. 31. Section 8813.2 of the Public Resources Code is repealed.

SEC. 32. Section 8815.1 of the Public Resources Code is amended to read:

8815.1. When CCS83 coordinates are shown on any map or document, the map, corner record, or document shall state the epoch (date) that is the basis of the coordinate values shown. The epoch shall

be shown on the map, corner record, or document by an appropriate note on the map, corner record, or document or by adding a suffix in parentheses after CCS83 that states the epoch; for example, "CCS83 (1991.35)" is the epoch in a decimal year format.

SEC. 33. Section 8815.2 of the Public Resources Code is amended to read:

8815.2. The epoch for a survey using CCS83 coordinate shall be the NGS-published epoch of a published coordinate for a controlling station used for that survey. Surveys performed after December 31, 1999, shall be based on the "1991.35" epoch or a subsequent epoch, as specified in Section 8815.1.

SEC. 34. Section 8815.3 of the Public Resources Code is amended to read:

8815.3. When the published epochs of the controlling stations for a survey using CCS83 coordinates are not the same, appropriate adjustments shall be made to the horizontal positions of controlling stations so that the coordinates of all the controlling stations are consistent. These adjustments in the horizontal positions of controlling stations shall be made in accordance with procedures and values published by the NGS or CSRC.

SEC. 35. Section 8815.4 of the Public Resources Code is repealed.

SEC. 36. Section 8815.4 is added to the Public Resources Code, to read:

8815.4. When a purported order of accuracy of second order or better is shown for CCS83 coordinate values on any map, corner record, or document, that map, corner record, or document shall use the order of accuracy as defined by the FGCS. If an FGCS order of accuracy is claimed for a survey or a map, it shall be justified by additional written data that shows equipment, procedures, closures, adjustments, and a control diagram.

SEC. 37. Section 8817 of the Public Resources Code is amended to read:

8817. Prior to January 1, 1995, use of State Plane Coordinates for new projects may be based either on CCS27 or CCS83. On or after January 1, 1995, when State Plane Coordinates are used on new surveys and new mapping projects, the use shall be limited to CCS83. However, nothing in this section shall preclude a survey from retracement of a CCS27 survey.

SEC. 38. Section 8819 of the Public Resources Code is amended to read:

8819. This chapter does not prohibit the use of new geodetic surveying technologies for which FGCS specifications have not yet been published, except that if first order or second order accuracy is claimed

for any of the resulting monumented stations, the state plane coordinates shall conform to FGCS accuracy standards.

SEC. 39. Section 50731.5 of the Water Code is amended to read:

50731.5. (a) Nominations for the office of trustee shall be made by petition filed with the secretary not earlier than 75 days or later than 5 p.m. on the 54th day before the election.

(b) The petition shall be signed as follows:

(1) If there are 15 or more qualified voters in the district, by five or more qualified voters.

(2) If there are less than 15 qualified voters in the district, by one or more qualified voters.

(c) Notice that the petitions may be received shall be published once by the secretary at least seven days prior to the final date for receiving petitions. If the election includes the balance of an unexpired term, the notice shall state that the petition must indicate whether the nomination is for that unexpired term. The notice shall be published in a newspaper in each county in which any of the district lands are situated, if any newspaper is published therein, and if not, in a newspaper having general circulation therein.

SEC. 40. Section 50731.6 of the Water Code is amended to read:

50731.6. The nomination petition shall be in substantially the following form:

OFFICIAL FILING PETITION

Nomination of Candidate

We, the undersigned voters of Reclamation District No. \_\_\_\_\_, hereby nominate \_\_\_\_\_ (name of candidate) for the office of Trustee of the District for a term of \_\_\_\_\_ years.

Name	Date	Residence
_____	_____	_____
_____	_____	_____
_____	_____	_____

Affidavit of Circulator

State of California     )  
County of \_\_\_\_\_ )

ss.

\_\_\_\_ (name of circulator), being duly sworn, deposes and says:  
 That \_\_\_\_ (he/she) circulated the foregoing petition and saw all the signatures appended thereto and knows that they are the signatures of the persons whose names they purport to be.

\_\_\_\_\_  
 (Signature of circulator)

Subscribed and sworn to before me  
 this \_\_\_\_ day of \_\_\_\_, 20\_\_.

\_\_\_\_\_  
 Notary Public in and for the County  
 of \_\_\_\_, State of California.  
 My commission expires \_\_\_\_.

Affidavit of Nominee

State of California     )  
 County of \_\_\_\_\_ )     ss.

\_\_\_\_ (name of nominee), being duly sworn, says that he/she is the above-named nominee for the office of \_\_\_\_ (office), that he/she will accept the office in the event of his/her election, that he/she desires his/her name to appear on the ballot as follows:

\_\_\_\_\_  
 (Print name above)

that he/she desires the following occupational designation, containing not more than three words, to appear on the ballot under his/her name, and that this designation is correct.

\_\_\_\_\_  
 (Print desired designation, if any, above)

\_\_\_\_\_  
 (Signature of nominee)

Subscribed and sworn to before me  
 this \_\_\_\_ day of \_\_\_\_, 20\_\_.

\_\_\_\_\_  
 Notary Public in and for the County  
 of \_\_\_\_, State of California.  
 My commission expires \_\_\_\_.

SEC. 41. Section 21.5 of this bill incorporates amendments to Section 53635 of the Government Code proposed by both this bill and



AB 2122. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2003, (2) each bill amends Section 53635 of the Government Code, and (3) this bill is enacted after AB 2122, in which case Section 21 of this bill shall not become operative.

SEC. 42. Notwithstanding Section 17610 of the Government Code, 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. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

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## CHAPTER 455

An act to amend Sections 10126, 10780.5, and 20103.8 of the Public Contract Code, relating to public contracts.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 11, 2002.]

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

SECTION 1. Section 10126 of the Public Contract Code is amended to read:

10126. Notwithstanding the provisions of Section 10125, the estimate of cost may be approved by the director, which includes alternates contemplating additions to, or deletions from, the base bid, provided that all of the following requirements are met:

(a) Estimates are made for each contingency and, in the aggregate, the alternates do not exceed 10 percent of the estimated cost for the project.

(b) The available funds are at least sufficient to cover the filed estimate for the base project.

(c) Whenever additive or deductive items are included in a bid, the bid solicitation shall specify which one of the following methods will be used to determine the lowest bid. In the absence of such a specification, only the method provided by paragraph (1) will be used:

(1) The lowest bid shall be the lowest bid price on the base contract without consideration of the prices on the additive or deductive items.

(2) The lowest bid shall be the lowest total of the bid prices on the base contract and those additive or deductive items that were specifically

identified in the bid solicitation as being used for the purpose of determining the lowest bid price.

(3) The lowest bid shall be the lowest total of the bid prices on the base contract and those additive or deductive items that, when taken in order from a specifically identified list of those items in the solicitation, and added to, or subtracted from, the base contract, are less than, or equal to, a funding amount publicly disclosed by the department before the first bid is opened.

(4) The lowest bid shall be determined in a manner that prevents any information that would identify any of the bidders or proposed subcontractors or suppliers from being revealed to the public entity before the ranking of all bidders from lowest to highest has been determined.

(d) The contract is awarded to the lowest bidder, as determined by the method prescribed in subdivision (c).

(e) A responsible bidder who submitted the lowest bid as determined by this section shall be awarded the contract, if it is awarded. This section does not preclude the department from adding to or deducting from the contract any of the additive or deductive items after the lowest responsible bidder has been determined.

(f) Nothing in this section shall preclude the prequalification of subcontractors.

SEC. 2. Section 10780.5 of the Public Contract Code is amended to read:

10780.5. The trustees may require a bid for a public works contract to include prices for items that may be added to, or deducted from, the scope of work in the contract for which the bid is being submitted. Whenever additive or deductive items are included in a bid, the bid solicitation shall specify which one of the following methods will be used to determine the lowest bid. In the absence of such a specification, only the method provided by subdivision (a) will be used:

(a) The lowest bid shall be the lowest bid price on the base contract without consideration of the prices on the additive or deductive items.

(b) The lowest bid shall be the lowest total of the bid prices on the base contract and those additive or deductive items that were specifically identified in the bid solicitation as being used for the purpose of determining the lowest bid price.

(c) The lowest bid shall be the lowest total of the bid prices on the base contract and those additive or deductive items that, when taken in order from a specifically identified list of those items in the solicitation, and added to, or subtracted from, the base contract, are less than, or equal to, a funding amount publicly disclosed by the trustees before the first bid is opened.

(d) The lowest bid shall be determined in a manner that prevents any information that would identify any of the bidders or proposed subcontractors or suppliers from being revealed to the public entity before the ranking of all bidders from lowest to highest has been determined.

A responsible bidder who submitted the lowest bid as determined by this section shall be awarded the contract, if it is awarded. This section does not preclude the trustees from adding to or deducting from the contract any of the additive or deductive items after the lowest responsible bidder has been determined.

(e) Nothing in this section shall preclude the prequalification of subcontractors.

SEC. 3. Section 20103.8 of the Public Contract Code is amended to read:

20103.8. A local agency may require a bid for a public works contract to include prices for items that may be added to, or deducted from, the scope of work in the contract for which the bid is being submitted. Whenever additive or deductive items are included in a bid, the bid solicitation shall specify which one of the following methods will be used to determine the lowest bid. In the absence of such a specification, only the method provided by subdivision (a) will be used:

(a) The lowest bid shall be the lowest bid price on the base contract without consideration of the prices on the additive or deductive items.

(b) The lowest bid shall be the lowest total of the bid prices on the base contract and those additive or deductive items that were specifically identified in the bid solicitation as being used for the purpose of determining the lowest bid price.

(c) The lowest bid shall be the lowest total of the bid prices on the base contract and those additive or deductive items taken in order from a specifically identified list of those items that, when in the solicitation, and added to, or subtracted from, the base contract, are less than, or equal to, a funding amount publicly disclosed by the local agency before the first bid is opened.

(d) The lowest bid shall be determined in a manner that prevents any information that would identify any of the bidders or proposed subcontractors or suppliers from being revealed to the public entity before the ranking of all bidders from lowest to highest has been determined.

A responsible bidder who submitted the lowest bid as determined by this section shall be awarded the contract, if it is awarded. This section does not preclude the local agency from adding to or deducting from the contract any of the additive or deductive items after the lowest responsible bidder has been determined.

(e) Nothing in this section shall preclude the prequalification of subcontractors.

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CHAPTER 456

An act to add and repeal Sections 20677.9 and 20683.6 to the Government Code, relating to state employees, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 11, 2002.]

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

SECTION 1. The Legislature finds and declares that the purpose of this act is to approve an agreement pursuant to Section 3517 of the Government Code entered into by the state employer and State Bargaining Unit 13, International Union of Operating Engineers, Stationary Engineers.

SEC. 2. The provisions of the memorandum of understanding prepared pursuant to Section 3517.5 of the Government Code and entered into by the state employer and State Bargaining Unit 13, and that require the expenditure of funds or legislative action to permit their implementation, are hereby approved for the purposes of Section 3517.6 of the Government Code.

SEC. 3. The provisions of the memorandum of understanding approved by Section 2 of this act that are scheduled to take effect on or after July 1, 2002, and that require the expenditure of funds, shall not take effect unless funds for these provisions are specifically appropriated by the Legislature. If funds for these provisions are not specifically appropriated by the Legislature, the state employer and the affected employee organization shall meet and confer to renegotiate the affected provisions.

SEC. 4. Notwithstanding Section 3517.6 of the Government Code, any provisions of the memorandum of understanding that require the expenditure of funds shall become effective even if the provisions of the memorandum of understanding are approved by the Legislature in legislation other than the annual Budget Act.

SEC. 5. Section 20677.9 is added to the Government Code, to read:  
20677.9. (a) Notwithstanding any provisions of this part to the contrary, the normal rate of contribution for state miscellaneous and state industrial members in State Bargaining Unit 13 shall be the following:

(1) Effective July 1, 2002, to June 30, 2003, inclusive, the normal rate of contribution for a member whose service is not included in the federal system shall be 1 percent of the compensation in excess of three hundred seventeen dollars (\$317) per month paid that member for service rendered.

(2) Effective July 1, 2002, to June 30, 2003, inclusive, the normal rate of contribution for a member whose service has been included in the federal system shall be zero percent of the compensation per month paid that member for service rendered.

(b) Notwithstanding any provisions of Section 21073.3 to the contrary, a member who elects to become subject to the benefits prescribed in Section 21354.1 and who is subject to this section shall be subject to the normal rate of contribution set forth in this section.

(c) This section does not apply to state miscellaneous members who are subject to Section 21076.

(d) If the provisions of this section are in conflict with the provisions of a memorandum of understanding reached pursuant to Section 3517.5, the memorandum of understanding shall be controlling without further legislative action, except that if the provisions of the memorandum of understanding require the expenditure of funds, the provisions may not become effective unless approved by the Legislature in the annual Budget Act.

(e) This section shall become inoperative on July 1, 2003, and, as of January 1, 2004, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2004, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 6. Section 20683.6 is added to the Government Code, to read:

20683.6. (a) Notwithstanding any provisions of Section 20683 to the contrary, effective July 1, 2002, to June 30, 2003, inclusive, the normal rate of contribution for state safety members subject to Section 21369.1 in State Bargaining Unit 13 shall be 1 percent of the compensation in excess of three hundred seventeen dollars (\$317) per month paid to that member for service rendered.

(b) This section does not apply to members employed by the California State University or the University of California.

(c) If the provisions of this section are in conflict with the provisions of a memorandum of understanding reached pursuant to Section 3517.5, the memorandum of understanding shall be controlling without further legislative action, except that if the provisions of a memorandum of understanding require the expenditure of funds, the provisions may not become effective unless approved by the Legislature in the annual Budget Act.

(d) This section shall become inoperative on July 1, 2003, and, as of January 1, 2004, is repealed, unless a later enacted statute, that is enacted

before January 1, 2004, deletes or extends the date 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 for the provisions of this act to be applicable as soon as possible in the 2002–03 fiscal year, and thereby facilitate the orderly administration of state government at the earliest possible time, it is necessary that this act take effect immediately.

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## CHAPTER 457

An act to add Section 35294.4 to the Education Code, and to amend Section 12999.5 of, and to add Section 11503.5 to, the Food and Agricultural Code, relating to pesticides.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 11, 2002.]

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

SECTION 1. Section 35294.4 is added to the Education Code, to read:

35294.4. The comprehensive school safety plan may also include, at local discretion of the governing board of the school district and using local funds, procedures for responding to the release of a pesticide or other toxic substance from properties located within one-quarter mile of a school. No funds received from the state may be used for this purpose.

SEC. 2. Section 11503.5 is added to the Food and Agricultural Code, to read:

11503.5. The county agricultural commissioner may apply Section 11503 to the agricultural use of any pesticide for agricultural production within one-quarter mile of a school with respect to the timing, notification, and method of application. Any regulations adopted pursuant to this section shall become operative unless specifically disapproved in writing by the director within 30 calendar days of their submission by the commissioner.

SEC. 3. Section 12999.5 of the Food and Agricultural Code is amended to read:

12999.5. (a) In lieu of civil prosecution by the director, the commissioner may levy a civil penalty against a person violating Division 6 (commencing with Section 11401), Article 10 (commencing

with Section 12971) or Article 10.5 (commencing with Section 12980) of this chapter, Section 12995, Article 1 (commencing with Section 14001) of Chapter 3, Chapter 7.5 (commencing with Section 15300), or a regulation adopted pursuant to any of these provisions, of not more than one thousand dollars (\$1,000) for each violation. Any violation determined by the commissioner to be a serious violation as defined in Section 6130 of the Code of Regulations is subject to a fine of not more than five thousand dollars (\$5,000) for each violation. It is unlawful and grounds for denial of a permit under Section 14008 for any person to refuse or neglect to pay a civil penalty levied pursuant to this section once the order is final.

(b) If a person has received a civil penalty for pesticide drift in a school area subject to Section 11503.5 that results in a serious violation as defined in subdivision (a), the commissioner shall charge a fee, not to exceed fifty dollars (\$50), for processing and monitoring each subsequent pesticide application that may pose a risk of pesticide drift made in a school area subject to Section 11503.5. The Agricultural Commissioner shall continue to impose the fee for each subsequent application that may pose a risk of drift, until the person has completed 24 months without another serious violation as defined in subdivision (a).

(c) Before a civil penalty is levied, the person charged with the violation shall be given a written notice of the proposed action including the nature of the violation and the amount of the proposed penalty, and shall have the right to request a hearing within 20 days after receiving notice of the proposed action. A notice of the proposed action that is sent by certified mail to the last known address of the person charged shall be considered received even if delivery is refused or the notice is not accepted at that address. If a hearing is requested, notice of the time and place of the hearing shall be given at least 10 days before the date set for the hearing. At the hearing, the person shall be given an opportunity to review the commissioner's evidence and to present evidence on his or her own behalf. If a hearing is not timely requested, the commissioner may take the action proposed without a hearing.

(d) If the person upon whom the commissioner levied a civil penalty requested and appeared at a hearing, the person may appeal the commissioner's decision to the director within 30 days of the date of receiving a copy of the commissioner's decision. The following procedures apply to the appeal:

(1) The appeal shall be in writing and signed by the appellant or his or her authorized agent, state the grounds for the appeal, and include a copy of the commissioner's decision. The appellant shall file a copy of the appeal with the commissioner at the same time it is filed with the director.



(2) The appellant and the commissioner may, at the time of filing the appeal or within 10 days thereafter or at a later time prescribed by the director, present the record of the hearing including written evidence that was submitted at the hearing and a written argument to the director stating grounds for affirming, modifying, or reversing the commissioner's decision.

(3) The director may grant oral arguments upon application made at the time written arguments are filed.

(4) If an application to present an oral argument is granted, written notice of the time and place for the oral argument shall be given at least 10 days before the date set therefor. The times may be altered by mutual agreement of the appellant, the commissioner, and the director.

(5) The director shall decide the appeal on the record of the hearing, including the written evidence and the written argument described in paragraph (2), that he or she has received. If the director finds substantial evidence in the record to support the commissioner's decision, the director shall affirm the decision.

(6) The director shall render a written decision within 45 days of the date of appeal or within 15 days of the date of oral arguments or as soon thereafter as practical.

(7) On an appeal pursuant to this section, the director may affirm the commissioner's decision, modify the commissioner's decision by reducing or increasing the amount of the penalty levied so that it is within the director's guidelines for imposing civil penalties, or reverse the commissioner's decision. Any civil penalty increased by the director shall not be higher than that proposed in the commissioner's notice of proposed action given pursuant to subdivision (b). A copy of the director's decision shall be delivered or mailed to the appellant and the commissioner.

(8) Any person who does not request a hearing pursuant to subdivision (b) may not file an appeal pursuant to this subdivision.

(9) Review of a decision of the director may be sought by the appellant within 30 days of the date of the decision pursuant to Section 1094.5 of the Code of Civil Procedure.

(e) The commissioner may levy a civil penalty pursuant to subdivisions (a) to (c), inclusive, against a person violating paragraph (1), (2), or (8) of subdivision (a) of Section 1695 of the Labor Code, which pertains to registration with the commissioner, carrying proof of that registration, and filing changes of address with the commissioner.

(f) After the exhaustion of the appeal and review procedures provided in this section, the commissioner or his or her representative, may file a certified copy of a final decision of the commissioner that directs the payment of a civil penalty and, if applicable, a copy of any decision of the director or his or her authorized representative rendered on an appeal



from the commissioner's decision and a copy of any order that denies a petition for a writ of administrative mandamus, with the clerk of the superior court of any county. Judgment shall be entered immediately by the clerk in conformity with the decision or order. No fees shall be charged by the clerk of the superior court for the performance of any official service required in connection with the entry of judgment pursuant to this section.

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## CHAPTER 458

An act to add Section 66015.7 to the Education Code, relating to postsecondary education.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 11, 2002.]

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

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

(a) International education is a critical component of higher education in California. International education contributes to the state's economy and to a diverse college environment, and it enhances both academic and cocurricular programs.

(b) California now boasts the fifth largest economy in the world. Its future is tied to its leadership role in an international economy. Foreign trade is one of the key economic sectors projected to propel California's economic base forward in the next decade.

(c) California needs to prepare academic, business, and technical professionals with the knowledge and skills to work and succeed in an international context. Recent world events emphasize that we need to prepare public policy professionals, social scientists, journalists, and others who understand the cultures, economics, politics, and languages of other countries.

(d) We also need to understand the cultures of California's immigrants, who are bringing their diverse talents and perspectives to the state. California's institutions of higher education provide the necessary skills, training, and knowledge to accomplish these goals. Given California's place in the world of high-tech innovation and engineering, it is imperative that California's institutions of higher education train their students with world-class faculty and maintain cutting-edge research programs. International education is an important mechanism by which Californians will obtain the necessary preparation to ensure California's success in a global environment.

(e) The foundation of international education is the exchange of students and scholars between countries. California has a distinguished record of achievement in international education exchange. In the 1999–2000 academic year, 10,456 California students studied in other countries, and 66,305 international students and 13,740 scholars came to California to study, teach, and engage in research. From a national perspective, California students represented 7 percent of all Americans studying abroad; and 13 percent and 18 percent of all international students and scholars, respectively, who came to the United States came to California. The scope of California’s international exchange is even greater than these figures would suggest because they do not include California scholars who teach and do research abroad, nor do they include students who come here to study in intensive English Language Programs.

(f) International education also involves curricular offerings that teach foreign languages, address global issues, and provide in-depth understanding of other cultures. It utilizes citizens of other countries in formal and informal settings as teaching resources. It recognizes that the development of new knowledge, the best research, and technological breakthroughs require international collaboration.

SEC. 2. Section 66015.7 is added to the Education Code, to read:

66015.7. (a) In order to maintain and strengthen the high quality of international education in California, the Legislature encourages all public and private institutions of higher education to further develop, as their resources permit, programs that support learning about other cultures, global issues, and the exchange of Californians and international students and scholars.

(b) For California students and scholars, institutions are encouraged, as resources permit, to accomplish all of the following:

(1) Develop courses of study in as many fields as possible to increase students’ understanding of global issues and cultural differences.

(2) Offer courses in languages other than English to train students to communicate effectively in other cultures and to enhance their understanding of other nations’ values.

(3) Provide opportunities for students in all majors to participate in study abroad programs to enrich their academic training, perspectives, and personal development.

(4) Provide opportunities for domestic and international students to interact effectively and routinely share their views, perceptions, and experiences in educational settings.

(5) Develop innovative public educational forums and venues to explore global issues and showcase world cultures.

(c) For international students and scholars, institutions are encouraged, as resources permit, to accomplish all of the following:

(1) Encourage the presence of qualified students from other countries with sufficient geographic diversity to inspire an appreciation for differences among cultures and a deeper understanding of the values and perspectives of other people.

(2) Facilitate faculty exchange and collaborative partnership programs with institutions in other countries.

(3) Initiate collaborative research undertakings to address issues of global significance.

(4) Recruit and retain the world's best and brightest faculty to educate California's students as globally competent citizens.

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## CHAPTER 459

An act to amend Sections 7403.2, 7651, 7652.5, 7652.7, 8752, 30181, 30182, 30183, 30186, 30187, 30188, 32251, 40061, 40063, 41052, 43151, 43152.6, 43152.7, 43152.9, 43152.13, 43152.14, 45151, 46151, 50109, 60107, 60201, 60202, 60204, 60205, and 60205.5 of, and to add Sections 8763, 30193, 32263, 40069, 41063, 43173, 45163, 46163, 50112.10, 55040, and 60505.5 to the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 11, 2002.]

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

SECTION 1. Section 7403.2 of the Revenue and Taxation Code is amended to read:

7403.2. (a) For the privilege of purchasing motor vehicle fuel exempt from taxes under paragraph (11) of subdivision (a) of Section 7401, each train operator must make a report to the board showing:

(1) The name and license number of the supplier from whom it purchased motor vehicle fuel and the number of gallons of motor vehicle fuel purchased that is exempt from the tax.

(2) Any other information required by the board.

(b) Each train operator shall prepare and file with the board a report in the form as prescribed by the board, which may include, but not be limited to, electronic media showing the information in subdivision (a) during each quarterly reporting period. The report shall be filed with the board on or before the last day of the month following the close of the quarterly period to which it relates. To facilitate the administration of this part, the board may require the filing of these reports for other than

quarterly periods. Reports shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

(c) All of the administrative provisions of this part relating to a supplier shall be applicable to a train operator.

(d) The board may revoke the train operator's license provided for in Section 7403.1 due to the filing of inaccurate or improper reports.

SEC. 2. Section 7651 of the Revenue and Taxation Code is amended to read:

7651. Each supplier shall prepare and file with the board a return in the form as prescribed by the board, which may include, but not be limited to, electronic media showing the total number of gallons of motor vehicle fuel removed, sold, or entered within this state during each calendar month, or that monthly period ended during that calendar month as the board may authorize, the amount of tax due for the month covered by the return, and other information as the board deems necessary for the proper administration of this part. The person shall file the return on or before the last day of the month following the monthly period to which it relates, together with a remittance payable to the Controller for the amount of tax due for that period less whatever amounts may have been paid theretofore for the same period because of returns, prepayment forms, and payments made on a weekly basis. To facilitate the administration of this part, the board may require the filing of the returns for other than monthly periods. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

SEC. 3. Section 7652.5 of the Revenue and Taxation Code is amended to read:

7652.5. (a) Each terminal operator shall prepare and file with the board a report in the form as prescribed by the board, which may include, but not be limited to, electronic media showing, for the calendar month, or that monthly period ended during the calendar month as the board may authorize, the following:

(1) The name and license number of each person that is a position holder at each terminal it operates;

(2) The amount of motor vehicle fuel received at each terminal it operates;

(3) The identity of each position holder with respect to the rack removals of motor vehicle fuel from each terminal it operates and the volume and dates of the removals;

(4) The amount of motor vehicle fuel stored at each terminal it operates;

(5) The destination (by state) of all motor vehicle fuel removed at a terminal rack of each terminal it operates, to the extent that information has been provided to the terminal operator; and

(6) Any other information required by the board for the proper administration of this part.

The terminal operator shall file the report on or before the last day of the month following the monthly period to which it relates. To facilitate the administration of this part, the board may require the filing of the reports for other than monthly periods. Reports shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

(b) Upon written approval of the board, a terminal operator may satisfy the requirements of subdivision (a) above by executing and providing to the board a consent and authorization for the Internal Revenue Service to provide to the board under Section 6103 of the Internal Revenue Code, the return filed by the terminal operator under Section 48.4101-2 of Title 26 of the Code of Federal Regulations. The board may, in its sole discretion, rescind its approval and require a terminal operator to file reports as specified in subdivision (a).

SEC. 4. Section 7652.7 of the Revenue and Taxation Code is amended to read:

7652.7. (a) Each pipeline operator and vessel operator shall prepare and file with the board a report in the form as prescribed by the board, which may include, but not be limited to, electronic media showing, for the calendar month, or that monthly period ended during the calendar month as the board may authorize, all of the following:

(1) The amount of motor vehicle fuel delivered to each terminal or refinery.

(2) The location of the terminal or refinery where the motor vehicle fuel was delivered.

(3) The date of delivery.

(4) Any other information required by the board for the proper administration of this part.

The pipeline operator and vessel operator shall file the report on or before the last day of the month following the monthly period to which it relates. To facilitate the administration of this part, the board may require the filing of the reports for other than monthly periods. Reports shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

(b) Upon written approval of the board, a pipeline operator and vessel operator may satisfy the requirements of subdivision (a) by executing and providing to the board a consent and authorization for the Internal Revenue Service to provide to the board under Section 6103 of the Internal Revenue Code, the return filed by the pipeline operator and vessel operator under Section 48.4101-2 of Title 26 of the Code of Federal Regulations. The board may, in its sole discretion, rescind its approval and require a pipeline operator and vessel operator to file reports as specified in subdivision (a).

SEC. 5. Section 8752 of the Revenue and Taxation Code is amended to read:

8752. (a) Except as provided in subdivision (b), on or before the last day of the calendar month following each quarterly period, every user shall, except as otherwise provided in Section 8608, file with the board a return in the form as prescribed by the board, which may include, but not be limited to, electronic media showing the amount of any tax due and any other information as the board may require to carry out the purposes of this part. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

(b) This section shall not be applicable to any user whose sole use of fuel subject to the tax imposed by this part is for the propulsion of a privately operated passenger automobile, provided that the fuel used in this state, except fuel brought into this state in the fuel tank of the vehicle, is purchased from and delivered into the fuel tank of the vehicle by a vendor holding a permit issued under this part.

SEC. 6. Section 8763 is added to the Revenue and Taxation Code, to read:

8763. (a) Any return, declaration, statement, or other document required to be made under this part that is filed using electronic media shall be filed and authenticated pursuant to any method or form the board may prescribe.

(b) Notwithstanding any other law, any return declaration, statement, or other document otherwise required to be signed that is filed by the taxpayer using electronic media in a form as required by the board shall be deemed to be a signed, valid original document, including upon reproduction to paper form by the board.

(c) Electronic media includes, but is not limited to, computer modem, magnetic media, optical disk, facsimile machine, or telephone.

SEC. 7. Section 30181 of the Revenue and Taxation Code is amended to read:

30181. (a) When any tax imposed upon cigarettes under Article 1 (commencing with Section 30101), Article 2 (commencing with Section 30121), and Article 3 (commencing with Section 30131) of Chapter 2 is not paid through the use of stamps or meter impressions, the tax shall be due and payable monthly on or before the 25th day of the month following the calendar month in which a distribution of cigarettes occurs, or in the case of a sale of cigarettes on the facilities of a common carrier for which the tax is imposed pursuant to Section 30104, the tax shall be due and payable monthly on or before the 25th day of the month following the calendar month in which a sale of cigarettes on the facilities of the carrier occurs.

(b) Each distributor of tobacco products shall file a return in the form as prescribed by the board, which may include, but not be limited to,

electronic media for each calendar month. The return shall be filed with the board on or before the 25th day of the calendar month following the close of the monthly period for which it relates, together with a remittance payable to the board, of the amount of tax, if any, due under Article 2 (commencing with Section 30121) or Article 3 (commencing with Section 30131) of Chapter 2 for that period. To facilitate the administration of this part, the board may require the filing of the returns for longer than monthly periods. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

SEC. 8. Section 30182 of the Revenue and Taxation Code is amended to read:

30182. (a) On or before the 25th day of each month, every distributor shall file a report in the form as prescribed by the board, which may include, but not be limited to, electronic media respecting his or her distributions of cigarettes and purchases of stamps and meter register units during the preceding month and any other information as the board may require to carry out this part. Reports shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

(b) On or before the 25th day of each month, each distributor shall file a return, in the form as prescribed by the board, which may include, but not be limited to, electronic media, respecting his or her distributions of tobacco products and their wholesale cost during the preceding month, and any other information as the board may require to carry out this part. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

SEC. 9. Section 30183 of the Revenue and Taxation Code is amended to read:

30183. (a) On or before the 25th day of each month every distributor required under Section 30108 to collect any tax during the preceding month shall file a report with the board in the form as prescribed by the board, which may include, but not be limited to, electronic media showing the number of cigarettes with respect to which he or she was required to collect the tax and any other information as the board may require to carry out the purposes of this part. Reports shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

(b) On or before the 25th day of each month, each distributor required to collect any tax during the preceding month pursuant to Section 30108 shall file a return, in the form as prescribed by the board, which may include, but not be limited to, electronic media which shows the wholesale cost of tobacco products with respect to which he or she was required to collect the tax and any other information as the board may



require to carry out this part. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

SEC. 10. Section 30186 of the Revenue and Taxation Code is amended to read:

30186. On or before the 25th day of each month, the common carriers and authorized persons specified in Section 30104 shall file with the board a report of the sales of cigarettes or tobacco products made by them on the facilities of the carriers in California in the preceding calendar month in that detail as the board may prescribe and in the form as prescribed by the board, which may include, but not be limited to, electronic media, submitting with the report the amount of the tax due under Section 30104. Reports shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

SEC. 11. Section 30187 of the Revenue and Taxation Code is amended to read:

30187. Every consumer or user subject to the tax resulting from a distribution of cigarettes or tobacco products within the meaning of subdivision (b) of Section 30008 from whom the tax has not been collected under Section 30108 shall, on or before the 25th day of the month following receipt of cigarettes or tobacco products, file with the board a report of the amount of cigarettes received by him or her in the preceding calendar month in that detail as the board may prescribe and in the form as prescribed by the board, which may include, but not be limited to, electronic media, submitting with the report the amount of tax due. Reports shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

SEC. 12. Section 30188 of the Revenue and Taxation Code is amended to read:

30188. On or before the 25th day of each month, every wholesaler shall file a report in the form as prescribed by the board, which may include, but not be limited to, electronic media respecting his or her inventory, purchases, and sales of cigarettes or tobacco products during the preceding month and any other information as the board may require to carry out the purposes of this part. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

SEC. 13. Section 30193 is added to the Revenue and Taxation Code, to read:

30193. (a) Any return, report, declaration, statement, or other document required to be made under this part that is filed using electronic media shall be filed and authenticated pursuant to any method or form the board may prescribe.

(b) Notwithstanding any other law, any return declaration, statement, or other document otherwise required to be signed that is filed by the taxpayer using electronic media in a form as required by the board shall



be deemed to be a signed, valid original document, including upon reproduction to paper form by the board.

(c) Electronic media includes, but is not limited to, computer modem, magnetic media, optical disk, facsimile machine, or telephone.

SEC. 14. Section 32251 of the Revenue and Taxation Code is amended to read:

32251. The tax is a direct obligation of the taxpayer and is due and payable monthly on or before the 15th day of each calendar month. Each taxpayer, on or before the 15th day of each month, shall make out a tax return for the preceding calendar month, in the form as prescribed by the board, which may include, but not be limited to, electronic media, showing the amount of beer or wine or distilled spirits sold in this state, the amount of tax for the period covered by the return, and any other information as the board deems necessary. The taxpayer shall deliver the return, together with a remittance of the amount of tax due, to the office of the board on or before the 15th day of the month. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

SEC. 15. Section 32263 is added to the Revenue and Taxation Code, to read:

32263. (a) Any return, declaration, statement, or other document required to be made under this part that is filed using electronic media shall be filed and authenticated pursuant to any method or form the board may prescribe.

(b) Notwithstanding any other law, any return, declaration, statement, or other document otherwise required to be signed that is filed by the taxpayer using electronic media in a form as required by the board shall be deemed to be a signed, valid original document, including upon reproduction to paper form by the board.

(c) Electronic media includes, but is not limited to, computer modem, magnetic media, optical disk, facsimile machine, or telephone.

SEC. 16. Section 40061 of the Revenue and Taxation Code is amended to read:

40061. On or before the last day of the month following each calendar quarter, a return for the preceding quarterly period shall be filed with the board in the form as prescribed by the board, which may include, but not be limited to, electronic media.

A return shall be filed by every electric utility and by every person purchasing electrical energy, the consumption of which is subject to the surcharge and who has not paid the surcharge billed and required to be collected by an electric utility. The return shall be signed by the person required to file the return or by his or her duly authorized agent. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

SEC. 17. Section 40063 of the Revenue and Taxation Code is amended to read:

40063. The board may prescribe the contents of returns of consumers subject to the surcharge. It may require the filing of returns by consumers in addition to those required by Section 40061 in circumstances where it finds that consumers' liabilities are not being included in the return of an electric utility or it determines that consumer returns are necessary for the efficient administration of this part. Consumers' returns shall cover the periods as the board may prescribe and shall be in the form as prescribed by the board, which may include, but not be limited to, electronic media. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

SEC. 18. Section 40069 is added to the Revenue and Taxation Code, to read:

40069. (a) Any return, declaration, statement, or other document required to be made under this part that is filed using electronic media shall be filed and authenticated pursuant to any method or form the board may prescribe.

(b) Notwithstanding any other law, any return, declaration, statement, or other document otherwise required to be signed that is filed by the taxpayer using electronic media in a form as required by the board shall be deemed to be a signed, valid original document, including upon reproduction to paper form by the board.

(c) Electronic media includes, but is not limited to, computer modem, magnetic media, optical disk, facsimile machine, or telephone.

SEC. 19. Section 41052 of the Revenue and Taxation Code is amended to read:

41052. On or before the last day of the second month following each month in which the surcharges were collected, a return for that month shall be filed with the board in the form as prescribed by the board, which may include, but not be limited to, electronic media. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

The service supplier shall include a list of any service users who have refused to pay a cumulative total of three dollars (\$3) or more of the surcharge imposed by this part with each return filing.

SEC. 20. Section 41063 is added to the Revenue and Taxation Code, to read:

41063. (a) Any return, declaration, statement, or other document required to be made under this part that is filed using electronic media shall be filed and authenticated pursuant to any method or form the board may prescribe.

(b) Notwithstanding any other law, any return, declaration, statement, or other document otherwise required to be signed that is filed

by the taxpayer using electronic media in a form as required by the board shall be deemed to be a signed, valid original document, including upon reproduction to paper form by the board.

(c) Electronic media includes, but is not limited to, computer modem, magnetic media, optical disk, facsimile machine, or telephone.

SEC. 21. Section 43151 of the Revenue and Taxation Code is amended to read:

43151. (a) The fee imposed pursuant to Section 25174.1 of the Health and Safety Code, which is a tax collected and administered under Section 43051, is due and payable to the board monthly on or before the last day of the third calendar month following the end of the calendar month for which the fee is due. Each taxpayer shall, on or before the last day of the third calendar month following the end of the calendar month for which the fee is due, make out a tax return for the calendar month, in the form as prescribed by the board, which may include, but not be limited to, electronic media in accordance with subdivision (c). The taxpayer shall deliver the return, together with a remittance of the amount of fee due, to the office of the board on or before the last day of the third calendar month following the end of the calendar month for which the fee is due. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

(b) With the approval of the board, a taxpayer who has more than one facility subject to the taxes collected and administered under this chapter, may file a combined tax return covering operations at more than one, or all, of those facilities.

(c) The form required to be submitted by the taxpayer pursuant to this section shall show, for the taxpayer and for each person from whom the taxpayer accepted hazardous waste for disposal, all of the following:

(1) The total amount of hazardous waste subject to the tax and the amount of the tax for the period covered by the return.

(2) The amount of hazardous waste disposed during the tax period that is in each of the fee categories described in Section 25174.6 of the Health and Safety Code, and the amount of disposal fees paid for each of those categories.

(3) The amount of hazardous waste received for disposal by the taxpayer's facility or facilities that is exempt from the payment of disposal fees pursuant to Section 25174.7 of the Health and Safety Code, including a copy of any written documentation provided for any shipment or shipments of hazardous waste received by a facility.

(4) The amount of RCRA hazardous waste which is treated by the taxpayer so that the waste is considered to be non-RCRA hazardous waste for purposes of the disposal fee, pursuant to paragraph (2) of subdivision (b) of Section 25174.6.

(d) (1) Each taxpayer shall maintain records documenting all of the following information for each person who has submitted hazardous waste for disposal by the taxpayer during each calendar month and shall make those records available for review and inspection at the request of the board or the department:

(A) The tonnage of hazardous waste submitted for disposal.

(B) The type of hazardous waste disposed as specified by Section 25174.6 of the Health and Safety Code, including both of the following:

(i) Any characterization of the hazardous waste made by the person submitting the hazardous waste for disposal.

(ii) Any other documentation which the taxpayer maintains regarding the type of hazardous waste disposed to land.

(C) Any representation made by the person submitting the hazardous waste regarding any exemptions that may be applicable to the payment of disposal fees.

(D) For any RCRA hazardous waste which is treated by the taxpayer so that the waste is considered to be non-RCRA hazardous waste for purposes of the disposal fee, pursuant to paragraph (2) of subdivision (b) of Section 25174.6, all of the following information:

(i) The tonnage and type of hazardous waste.

(ii) The method or methods used to treat the hazardous waste.

(iii) Operating records documenting the treatment activity.

(iv) Representative and statistical waste sampling and analysis data demonstrating that the waste is no longer RCRA hazardous waste at the time of disposal.

(2) If the hazardous wastes submitted for disposal were accompanied by a manifest, the information specified in paragraph (1) shall be maintained by manifest number for each calendar month.

SEC. 22. Section 43152.6 of the Revenue and Taxation Code is amended to read:

43152.6. (a) The fee imposed pursuant to Section 25205.2 of the Health and Safety Code which is collected and administered under Section 43053 of this code is due and payable to the board annually on or before the last day of the second month following the end of the calendar year.

(b) Every operator of a facility subject to the fee imposed pursuant to Section 25205.2 of the Health and Safety Code shall file an annual return in the form as prescribed by the board, which may include, but not be limited to, electronic media and pay the proper amount of fee due. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

(c) For purposes of subdivision (a), except as provided in subdivision (d), the operator of a facility shall pay the applicable fee based on the type and size of the facility, as specified in Sections 25205.1 and 25205.4 of

the Health and Safety Code. The board shall credit the prepayment of the fee made pursuant to Section 43152.12 against the amount due with the annual return.

(d) Notwithstanding subdivision (c), the fee for the 1991 reporting period, which is from July 1, 1991, to December 31, 1991, inclusive, is 50 percent of the fee specified in Section 25205.4 of the Health and Safety Code, based on the type and size of the facility, as specified in Section 25205.4 of the Health and Safety Code.

SEC. 23. Section 43152.7 of the Revenue and Taxation Code is amended to read:

43152.7. (a) The fee imposed pursuant to Section 25205.5 of the Health and Safety Code which is collected and administered under Section 43053 is due and payable on the last day of the second month following the end of the calendar year.

(b) Every generator subject to the fee imposed pursuant to Section 25205.5 of the Health and Safety Code shall file an annual return in the form as prescribed by the board, which may include, but not be limited to, electronic media and pay the proper amount of fee due. The board shall credit the prepayment made pursuant to Section 43152.15 against the amount due with the annual return. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

(c) The fee imposed by Section 25205.5 of the Health and Safety Code shall be offset by any fees paid by the generator for the preceding calendar year for a local hazardous waste management program conducted by a local agency pursuant to a memorandum of understanding with the department. The amount of the credit provided under this subdivision shall not exceed an amount equal to the fees paid to the local agency or the generator fee due under Section 25205.5 of the Health and Safety Code, whichever is less. The credit for local fees paid shall not include fees required under Chapter 6.7 (commencing with Section 25280) or Chapter 6.95 (commencing with Section 25500) of Division 20 of the Health and Safety Code.

SEC. 24. Section 43152.9 of the Revenue and Taxation Code is amended to read:

43152.9. (a) The fee imposed pursuant to Section 25205.6 of the Health and Safety Code, which is collected and administered under Section 43054, is due and payable on the last day of the second month following the end of the calendar year.

(b) Every corporation subject to the fee imposed pursuant to Section 25205.6 of the Health and Safety Code shall file an annual return in the form as prescribed by the board, which may include, but not be limited to, electronic media and pay the proper amount of fee due. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

SEC. 25. Section 43152.13 of the Revenue and Taxation Code is amended to read:

43152.13. (a) The fee imposed pursuant to Section 105190 of the Health and Safety Code, which is collected and administered under Section 43056, is due and payable on the last day of the second month following the end of the calendar year.

(b) Every employer subject to the fee imposed pursuant to Section 105190 of the Health and Safety Code shall in the form as prescribed by the board, which may include, but not be limited to, electronic media file an annual return and pay the proper amount of fee due. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

SEC. 26. Section 43152.14 of the Revenue and Taxation Code is amended to read:

43152.14. The fee imposed pursuant to Section 105310 of the Health and Safety Code, that is collected and administered under Section 43057, is due and payable on or before April 1 of each year for the previous calendar year. A feepayer shall file a return in the form as prescribed by the board, which may include, but not be limited to, electronic media. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

SEC. 27. Section 43173 is added to the Revenue and Taxation Code, to read:

43173. (a) Any return, declaration, statement, or other document required to be made under this part that is filed using electronic media shall be filed and authenticated pursuant to any method or form the board may prescribe.

(b) Notwithstanding any other law, any return declaration, statement, or other document otherwise required to be signed that is filed by the taxpayer using electronic media in a form as required by the board shall be deemed to be a signed, valid original document, including upon reproduction to paper form by the board.

(c) Electronic media includes, but is not limited to, computer modem, magnetic media, optical disk, facsimile machine, or telephone.

SEC. 28. Section 45151 of the Revenue and Taxation Code is amended to read:

45151. (a) The fee imposed pursuant to Section 48000 of the Public Resources Code is due and payable to the board quarterly on or before the 25th day of the calendar month following the quarterly period for which the fee is due. Each feepayer shall prepare a return in the form as prescribed by the board, which may include, but not be limited to, electronic media, showing the total amount of solid waste subject to the fee, the amount of fee for the period covered by the return, and any other information that the board determines to be necessary. Returns shall be

authenticated in a form or pursuant to methods as may be prescribed by the board.

(b) The feepayer shall deliver the return, together with a remittance of the amount of fee due, to the office of the board on or before the 25th day of the calendar month following the quarterly period for which the fee is due.

SEC. 29. Section 45163 is added to the Revenue and Taxation Code, to read:

45163. (a) Any return, declaration, statement, or other document required to be made under this part that is filed using electronic media shall be filed and authenticated pursuant to any method or form the board may prescribe.

(b) Notwithstanding any other law, any return, declaration, statement, or other document otherwise required to be signed that is filed by the taxpayer using electronic media in a form as required by the board shall be deemed to be a signed, valid original document, including upon reproduction to paper form by the board.

(c) Electronic media includes, but is not limited to, computer modem, magnetic media, optical disk, facsimile machine, or telephone.

SEC. 30. Section 46151 of the Revenue and Taxation Code is amended to read:

46151. (a) The fees collected and administered under Sections 46051 and 46052 are due and payable to the board monthly on or before the 25th day of the calendar month following the monthly period for which the fee is due. Each feepayer, on or before the 25th day of the month following each monthly period, shall make out a return in the form as prescribed by the board, which may include, but not be limited to, electronic media for the preceding monthly period, in the form as prescribed by the board, showing the information required to be reported by Sections 8670.40 and 8670.48 of the Government Code and any other information that the board determines to be necessary to carry out this part. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

(b) The feepayer shall deliver the return, together with a remittance of the amount of fee due, if any, to the office of the board on or before the 25th day of the month following the monthly period for which the fee is due.

(c) In addition to the returns due pursuant to subdivision (a), each feepayer shall provide an annual information return, in the form as prescribed by the board, which may include, but not be limited to, electronic media showing the information required to be reported by Section 8670.48 of the Government Code and any other information that the board determines to be necessary to carry out this part. The feepayer shall deliver the return containing the required information for the



preceding calendar year to the office of the board on or before February 1st of each year. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

SEC. 31. Section 46163 is added to the Revenue and Taxation Code, to read:

46163. (a) Any return, declaration, statement, or other document required to be made under this part that is filed using electronic media shall be filed and authenticated pursuant to any method or form the board may prescribe.

(b) Notwithstanding any other law, any return declaration, statement, or other document otherwise required to be signed that is filed by the taxpayer using electronic media in a form as required by the board shall be deemed to be a signed, valid original document, including upon reproduction to paper form by the board.

(c) Electronic media includes, but is not limited to, computer modem, magnetic media, optical disk, facsimile machine, or telephone.

SEC. 32. Section 50109 of the Revenue and Taxation Code is amended to read:

50109. The fee collected under Section 50108 is due and payable to the board quarterly on or before the 25th day of the month following the end of each calendar quarter. Each feepayer, on or before the 25th day of the month following the quarterly period for which the fee is due, shall prepare a fee return for the preceding quarterly period, in the form as prescribed by the board, which may include, but not be limited to, electronic media showing the total number of gallons of petroleum placed into underground storage tanks which he or she owns during the period, the amount of the fee for the period covered by the return, and any other information that the board determines to be necessary. The feepayer shall deliver the return, together with a remittance of the amount of the fee due, to the office of the board on or before the 25th day of the month following the quarterly period for which the fee is due. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

SEC. 33. Section 50112.10 is added to the Revenue and Taxation Code, to read:

50112.10. (a) Any return, declaration, statement, or other document required to be made under this part that is filed using electronic media shall be filed and authenticated pursuant to any method or form the board may prescribe.

(b) Notwithstanding any other law, any return, declaration, statement, or other document otherwise required to be signed that is filed by the taxpayer using electronic media in a form as required by the board shall be deemed to be a signed, valid original document, including upon reproduction to paper form by the board.



(c) Electronic media includes, but is not limited to, computer modem, magnetic media, optical disk, facsimile machine, or telephone.

SEC. 34. Section 55040 is added to the Revenue and Taxation Code, to read:

55040. A feepayer shall file a return in the form as prescribed by the board, which may include, but not be limited to, electronic media. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

SEC. 35. Section 60107 of the Revenue and Taxation Code is amended to read:

60107. (a) For the privilege of purchasing diesel fuel exempt from taxes under paragraph (7) of subdivision (a) of Section 60100, each train operator must make a report to the board showing:

(1) The name and permit number of the supplier from whom it purchased undyed diesel fuel and the number of gallons of undyed diesel fuel purchased that is exempt from the tax.

(2) Any other information required by the board.

(b) Each train operator shall prepare and file with the board a report in the form as prescribed by the board, which may include, but not be limited to, electronic media showing the information in subdivision (a) during each quarterly reporting period. The report shall be filed with the board on or before the last day of the calendar month following the close of the quarterly period to which it relates. To facilitate the administration of this part, the board may require the filing of these reports for other than quarterly periods. Reports shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

(c) The board may revoke the train operator's permit provided for in Section 60106.1 due to the filing of inaccurate or improper reports.

(d) All of the administrative provisions of this part relating to a supplier shall be applicable to a train operator.

SEC. 36. Section 60201 of the Revenue and Taxation Code is amended to read:

60201. Each supplier shall prepare and file with the board a return in the form as prescribed by the board, which may include, but not be limited to, electronic media showing the total number of gallons of diesel fuel removed, entered, or sold by him or her within this state during each calendar month, or the monthly period ended during that calendar month as the board may authorize, the amount of tax due for the month covered by the return, and any other information as the board deems necessary for the proper administration of this part. The person shall file the return on or before the last day of the calendar month following the monthly period to which it relates, together with a remittance payable to the board for the amount of tax due for that period, less whatever amounts may have been paid theretofore for the same

period because of weekly returns. To facilitate the administration of this part, the board may require the filing of the returns for other than monthly periods. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

SEC. 37. Section 60202 of the Revenue and Taxation Code is amended to read:

60202. (a) Each interstate user shall prepare and file with the board a return in the form as prescribed by the board, which may include, but not be limited to, electronic media showing the amount of diesel fuel used during the quarterly reporting period by the interstate user in this state, the amount of any tax due, and any other information as the board may require for the administration of this part. The return shall be filed with the board on or before the last day of the calendar month following the close of the quarterly period to which it relates, together with a remittance payable to the board of the amount of tax due. To facilitate the administration of this part, the board may require the filing of returns for other than quarterly periods. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

(b) An interstate user subject to the tax imposed by Section 60115 shall be allowed a credit against the amount of tax due on his or her return for an amount equal to the tax imposed by Section 60115 on diesel fuel purchased in this state in that same return period for use in the operation of a qualified motor vehicle. No credit shall be allowed unless the tax imposed by Section 60050 and the taxes imposed by Part 1 (commencing with Section 6001) and Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code and Section 35 of Article XIII of the California Constitution have been paid upon the purchase of the diesel fuel by the interstate user to a diesel vendor in this state. When the amount of the credit for any return period exceeds the amount of tax due for the return period, the excess shall be allowed as a credit against the amount of tax due for succeeding reporting periods or shall be refunded.

(c) Credits and refunds allowed pursuant to subdivision (b) shall be charged against the Motor Vehicle Fuel Account to the extent the total amount of credits and refunds allowed to all taxpayers for the fiscal year does not exceed the combined amounts due under subdivisions (a) and (b) of Section 60115. To the extent the total amount of credits and refunds allowed to all taxpayers for the fiscal year pursuant to subdivision (b) exceeds the combined amounts due under subdivisions (a) and (b) of Section 60115, the credits and refunds shall be charged against the Motor Vehicle Fuel Account as to the amount of the credits and refunds established under subdivision (a) of Section 60115 and shall be charged against the Retail Sales Tax Fund as to the amount of the credits and refunds established under subdivision (b) of Section 60115.

SEC. 38. Section 60204 of the Revenue and Taxation Code is amended to read:

60204. (a) Each terminal operator shall prepare and file with the board a report in the form as prescribed by the board, which may include, but not be limited to, electronic media showing, for the calendar month, or that monthly period ended during the calendar month as the board may authorize, the following:

(1) The name and license number of each person that is a positionholder at each terminal it operates.

(2) The amount of diesel fuel received at each terminal it operates.

(3) The identity of each positionholder with respect to the rack removals of diesel fuel from each terminal it operates and the volume and dates of the removals.

(4) The amount of diesel fuel stored at each terminal it operates.

(5) The destination (by state) of all diesel fuel removed at a terminal rack of each terminal it operates, to the extent that information has been provided to the terminal operator.

(6) Any other information required by the board for the proper administration of this part.

The terminal operator shall file the report on or before the last day of the month following the monthly period to which it relates. To facilitate the administration of this part, the board may require the filing of the reports for other than monthly periods. Reports shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

(b) Upon written approval of the board, a terminal operator may satisfy the requirements of subdivision (a) above by executing and providing to the board a consent and authorization for the Internal Revenue Service to provide to the board under Section 6103 of the Internal Revenue Code, the return filed by the terminal operator under Section 48.4101-2 of Title 26 of the Code of Federal Regulations. The board may, in its sole discretion, rescind its approval and require a terminal operator to file reports as specified in subdivision (a).

SEC. 39. Section 60205 of the Revenue and Taxation Code is amended to read:

60205. Each exempt bus operator shall prepare and file with the board a return in the form as prescribed by the board, which may include, but not be limited to, electronic media showing the total number of gallons of diesel fuel used in the exempt bus operation by him or her within this state during each calendar month, or the monthly period ended during that calendar month as the board may authorize, the amount of tax pursuant to Section 60502.2 due for the month covered by the return, and any other information as the board deems necessary for the proper administration of this part. The person shall file the return on or before the last day of the calendar month following the monthly period

to which it relates, together with a remittance payable to the board for the amount of tax due for that period. To facilitate the administration of this part, the board may require the filing of the returns for other than monthly periods. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

SEC. 40. Section 60205.5 of the Revenue and Taxation Code is amended to read:

60205.5. (a) Each government entity shall prepare and file with the board a return in the form as prescribed by the board, which may include, but not be limited to, electronic media showing the total number of gallons of dyed diesel fuel and undyed diesel fuel used in a diesel-powered highway vehicle during each calendar month, or the monthly period ending during the calendar month covered by the return, and any other information as the board deems necessary for the proper administration of this part. The person shall file the return on or before the last day of the calendar month following the monthly period to which it relates, together with a remittance payable to the board for the amount of tax due for that period. To facilitate the administration of this part, the board may require the filing of the returns for other than monthly periods. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

(b) A government entity that has paid diesel fuel tax to a retail vendor that sold the diesel fuel to the government entity shall be allowed a credit on its tax return for the tax paid to the retail vendor.

SEC. 41. Section 60505.5 is added to the Revenue and Taxation Code, to read:

60505.5. The claim for refund forms prescribed in subdivision (c) of Section 60501 and subdivision (d) of Section 60502 may include, but not be limited to, electronic media. The claim for refund forms shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

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## CHAPTER 460

An act to add Article 8.5 (commencing with Section 8601) to Chapter 7 of Division 1 of Title 2 of the Government Code, relating to emergency services.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 11, 2002.]

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

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

(a) The ability of emergency response agencies, particularly those operating under mutual-aid agreements, to respond expeditiously and effectively during disaster situations is critical to saving lives and preserving property.

(b) In cooperation with federal governmental agencies, urban search and rescue units have been formed and maintained throughout the state.

(c) The urban search and rescue units may have first-responder responsibilities in situations involving natural and manmade disasters occurring in California.

(d) To maintain an effective response capability, there is a need for a coordinated planning strategy to address the ongoing resource needs of emergency response agencies, including urban search and rescue units.

(e) The emergency response equipment being utilized by many local agencies is aging, and less effective than newer equipment being developed and made available to local emergency response agencies.

(f) Emerging technological advances are continuing to develop emergency response equipment that is effective and efficient, yet costly to local government agencies.

(g) It is necessary for the state, as part of the statewide mutual-aid agreement and arrangements, and in the interest of protecting the lives and property of its residents, to assist local agencies with the planning resources that will enable mutual-aid units to maximize their effectiveness in responding to and managing emergencies faced by the state and by local and regional communities.

SEC. 2. Article 8.5 (commencing with Section 8601) is added to Chapter 7 of Division 1 of Title 2 of the Government Code, to read:

Article 8.5. Urban Search and Rescue Emergency Response  
Advisory Committee

8601. (a) Using existing budgetary resources, the Seismic Safety Commission, in consultation with the Director of Emergency Services, shall establish an urban search and rescue emergency response advisory committee, which, in addition to the commission, may include representatives of organizations including, but not limited to, at the commission chairperson's discretion, the California Fire Chiefs Association, the Fire Districts Association of California, the California Professional Firefighters, the California Department of Forestry Firefighters, the California State Firefighters Association, Inc., the California Police Chiefs' Association, the California Police Officers

Association, the California State Sheriffs' Association, and the Peace Officer Research Association of California.

(b) The advisory committee shall prepare and submit to the commission chairperson, on or before September 1, 2003, a strategy, plan, and recommendations for addressing the resource needs of emergency response urban search and rescue units.

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## CHAPTER 461

An act to amend Sections 8680, 8680.3, 8680.4, 8680.5, 8683, 8684, 8684.2, 8685, 8685.2, 8686.2, 8690.25, 8690.45, 8690.8, 8871.5, 8878.125, and 93005 of, to amend the heading of Chapter 7.5 (commencing with Section 8680) of Division 1 of Title 2 of, and to repeal Section 8680.25 of, the Government Code, and to amend Sections 128 and 12994 of the Water Code, relating to disaster assistance, and making an appropriation therefor.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 11, 2002.]

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

SECTION 1. The heading of Chapter 7.5 (commencing with Section 8680) of Division 1 of Title 2 of the Government Code is amended to read:

### CHAPTER 7.5. DISASTER ASSISTANCE ACT

SEC. 2. Section 8680 of the Government Code is amended to read: 8680. This chapter shall be known and may be cited as the Disaster Assistance Act.

SEC. 3. Section 8680.25 of the Government Code is repealed.

SEC. 4. Section 8680.3 of the Government Code is amended to read: 8680.3. "Disaster" means a fire, flood, storm, tidal wave, earthquake, terrorism, epidemic, or other similar public calamity that the Governor determines presents a threat to public safety.

SEC. 5. Section 8680.4 of the Government Code is amended to read: 8680.4. "Project" means the repair or restoration, or both, other than normal maintenance, or the replacement of, real property of a local agency used for essential governmental services, including, but not limited to, buildings, levees, flood control works, channels, irrigation works, city streets, county roads, bridges, and other public works, that are damaged or destroyed by a disaster. "Project" also includes those

activities and expenses allowed under subdivisions (a), (c), (d), and (e) of Section 8685. Except as provided in Section 8686.3, the completion of all or part of a project prior to application for funds pursuant to this chapter shall not disqualify the project or any part thereof.

SEC. 6. Section 8680.5 of the Government Code is amended to read:

8680.5. "Project application" means the written application made by a local agency to the director for state financial assistance, which shall include any of the following:

(a) In the case of a public facilities project, all damage to public real property that resulted from a disaster within the total jurisdiction of the local agency making application.

(b) In the case of a street and highway project, all damage to streets and highways that resulted from a disaster within the total jurisdiction of the local agency making application.

(c) Other activities and expenses as allowed in Section 8685.

SEC. 7. Section 8683 of the Government Code is amended to read:

8683. Whenever funds are available for purposes of this chapter, the director shall make allocations therefrom in the amounts that he or she determines to be necessary to state agencies for expenditure for making the investigations, estimates, and reports required by this chapter. Those allocations may also be made to provide for preliminary investigations, estimates, reports, training of state agency personnel, or to reimburse the state agencies for expenditures made in anticipation of actual applications by local agencies. Allocations may also be made for the purpose of making any investigations, estimates, and reports that may be necessary to enable local agencies to obtain federal aid for disaster relief purposes, regardless of whether or not that aid is available for projects that are eligible for state allocations pursuant to this chapter. The director may make allocations to any state agency or office from those funds, or other funds available therefor, in the amounts that are necessary to administer this chapter.

SEC. 8. Section 8684 of the Government Code is amended to read:

8684. (a) It is the intent of the Legislature:

(1) To provide the Governor with appropriate emergency powers in order to enable utilization of available emergency funding to provide guarantees for short-term, low-interest loans to be made by commercial lending institutions, in connection with relief provided for the northern California earthquake of October 17, 1989, and incidents subsequent thereto, and resulting therefrom, in the affected area during the period of earthquake relief, for the purpose of supplying interim financing to enable small businesses to continue operations pending receipt of federal disaster assistance.



(2) That the Governor should utilize this authority to prevent business insolvencies and loss of employment in the area affected by the northern California earthquake of October 17, 1989.

(b) In addition to the allocations authorized by Section 8683, the Governor may allocate funds made available for the purposes of this chapter, in connection with relief provided for the northern California earthquake of October 17, 1989, and incidents subsequent thereto, and resulting therefrom, in the affected area during the period of earthquake relief, to the Small Business Expansion Fund for use by the Office of Small Business, pursuant to Chapter 1 (commencing with Section 14000) of Part 5 of Division 3 of Title 1 of the Corporations Code, to make allocations of funds to small business development corporations as follows:

(1) To provide guarantees for short-term low-interest loans to be made by commercial lending institutions for the purpose of providing interim financing to enable small businesses that have suffered actual physical damage or significant economic losses, as a result of the disaster for which funding under this section is made available, to continue or resume operations pending receipt of loans made or guaranteed by the federal Small Business Administration. The maximum amount of any loan guarantee funded under this section shall not exceed one hundred fifty thousand dollars (\$150,000). The loan guarantee shall not exceed 95 percent of the loan amount, except that the loan guarantees may be for 100 percent of the loan amount if the applicant can demonstrate that access to business records pertinent to the loan application has been precluded by official action prohibiting necessary reentry into the affected business premises. The term of the loan shall be determined by the financial institution providing the loan or shall be made payable on the date the proceeds of a loan made or guaranteed by the federal Small Business Administration with respect to the same damage or loss are made available to the borrower, whichever first occurs. The maximum term of the loan guarantee shall be not more than 12 months except as provided in this section. Loan guarantees for which the initial 12-month term has expired and for which an application for disaster assistance funding from the federal Small Business Administration is still pending may be extended until the time that the Small Business Administration has reached a final decision on the application. Agricultural loans and loan guarantees for loans that have been denied funding by the federal Small Business Administration, may be extended by the financial institution providing the loan is for no longer than a maximum of seven years, if the business demonstrates the ability to repay the loan with an extended loan term, and a new credit analysis is provided. All loans extended under this provision shall be repaid in installments of principal and interest, and be fully amortized



over the term of the loan. Nothing in this section shall preclude the lender from charging reasonable administrative fees in connection with the loan.

(2) To provide guarantees for short-term low-interest loans, as provided in Chapter 1 (commencing with Section 14000) of Part 5 of Division 3 of Title 1 of the Corporations Code, for small farms, nurseries, and agriculture-related enterprises that have suffered actual physical damage or significant economic injury as a result of the northern California earthquake of October 17, 1989, or its subsequent aftershocks, but that are types of businesses that are ineligible for loans or loan guarantees of the federal Small Business Administration or Farmers Home Administration provided in connection with that disaster. Loan guarantees funded pursuant to this section shall not exceed one hundred fifty thousand dollars (\$150,000) and shall (A) be extended only to those individuals or entities that are unable to obtain credit elsewhere, (B) are intending to continue in the same business enterprise, (C) do not exceed 80 percent of production losses and 100 percent of structural losses, and (D) do not exceed 95 percent of the loan amount. The maximum term of the loan guarantee shall be not more than seven years. To the extent possible the terms of the loan guarantees, including requirements respecting the terms of the underlying loans, shall be consistent with loan-guarantee assistance provided to nonagricultural businesses in response to that disaster by the federal Small Business Administration.

(c) Allocations pursuant to this section shall, for purposes of all provisions of law, be deemed to be for extraordinary emergency or disaster response operation costs incurred by the Office of Small Business.

SEC. 9. Section 8684.2 of the Government Code is amended to read: 8684.2. (a) It is the intent of the Legislature:

(1) To provide the Governor with appropriate emergency powers in order to enable utilization of available emergency funding to provide guarantees for interim loans to be made by lending institutions, in connection with relief provided for those persons affected by disasters or a state of emergency in affected areas during periods of disaster relief assistance, for the purpose of supplying interim financing to enable small businesses to continue operations pending receipt of federal disaster assistance.

(2) That the Governor should utilize this authority to prevent business insolvencies and loss of employment in areas affected by these disasters.

(b) In addition to the allocations authorized by Section 8683 and the loan guarantee provisions of Section 14030.1 of the Corporations Code, the Governor may allocate funds made available for the purposes of this chapter, in connection with relief provided, in affected areas during the

period of federal disaster relief, to the Small Business Expansion Fund for use by the Office of Small Business, pursuant to Chapter 1 (commencing with Section 14000) of Part 5 of Division 3 of Title 1 of the Corporations Code, to provide guarantees for low-interest interim loans to be made by lending institutions for the purpose of providing interim financing to enable small businesses that have suffered actual physical damage or significant economic losses, as a result of the disaster or state of emergency for which funding under this section is made available, to continue or resume operations pending receipt of loans made or guaranteed by the federal Small Business Administration. The maximum amount of any loan guarantee funded under this paragraph shall not exceed two hundred thousand dollars (\$200,000). Each loan guarantee shall not exceed 95 percent of the loan amount, except that a loan guarantee may be for 100 percent of the loan amount if the applicant can demonstrate that access to business records pertinent to the loan application has been precluded by official action prohibiting necessary reentry into the affected business premises or that those business records pertinent to the loan application have been destroyed. The term of the loan shall be determined by the lending institution providing the loan or shall be made payable on the date the proceeds of a loan made or guaranteed by the federal Small Business Administration with respect to the same damage or loss are made available to the borrower, whichever event first occurs.

(c) Loan guarantees for which the initial 12-month term has expired and for which an application for disaster assistance funding from the federal Small Business Administration is still pending may be extended until the Small Business Administration has reached a final decision on the application. Applications for interim loans shall be processed in an expeditious manner. Wherever possible, lending institutions shall fund nonconstruction loans within 60 calendar days of application. Loan guarantees for loans that have been denied funding by the federal Small Business Administration, may be extended by the financial institution provided that the loan is for no longer than a maximum of seven years, if the business demonstrates the ability to repay the loan with an extended loan term, and a new credit analysis is provided. All loans extended under this provision shall be repaid in installments of principal and interest, and be fully amortized over the term of the loan. Nothing in this section shall preclude the lender from charging reasonable administrative fees in connection with the loan.

(d) Allocations pursuant to this section shall, for purposes of all provisions of law, be deemed to be for extraordinary emergency or disaster response operation costs, as provided in Section 8690.6, incurred by the Office of Small Business.

(e) The Technology, Trade, and Commerce Agency may adopt regulations to implement the loan guarantee program authorized by this section. The agency may adopt these regulations as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 , and for purposes of that chapter, including Section 11349.6, the adoption of the regulations shall be considered by the Office of Administrative Law to be necessary for the immediate preservation of the public peace, health and safety, and general welfare. Notwithstanding subdivision (e) of Section 11346.1 , the regulations shall be repealed within 180 days after their effective date unless the agency complies with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 , as provided in subdivision (e) of Section 11346.1.

(f) Within 60 days of the conclusion of the period for guaranteeing loans under any small business disaster loan guarantee program conducted for a disaster as authorized by Section 8684.2, or Section 14075 of the Corporations Code, the agency shall provide a report to the Legislature on loan guarantees approved and rejected by gender, ethnic group, type of business and location, and each participating loan institution.

SEC. 10. Section 8685 of the Government Code is amended to read: 8685. From any moneys appropriated for that purpose, and subject to the conditions specified in this article, the director shall allocate funds to meet the cost of any one or more projects as defined in Section 8680.4. Applications by school districts shall be submitted to the Superintendent of Public Instruction for review and approval, in accordance with instructions or regulations developed by the Office of Emergency Services, prior to the allocation of funds by the director.

Moneys appropriated for the purposes of this chapter may be used to provide financial assistance for the following local agency and state costs:

(a) Local agency personnel costs, equipment costs, and the cost of supplies and materials used during disaster response activities, incurred as a result of a state of emergency proclaimed by the Governor, excluding the normal hourly wage costs of employees engaged in emergency work activities.

(b) To repair, restore, reconstruct, or replace facilities belonging to local agencies damaged as a result of disasters as defined in Section 8680.3. Mitigation measures performed pursuant to subdivision (b) of Section 8686.4 shall qualify for funding pursuant to this chapter.

(c) Matching fund assistance for cost sharing required under federal public assistance programs.

(d) Indirect administrative costs and any other assistance deemed necessary by the director.

(e) Necessary and required site preparation costs for mobilehomes, travel trailers, and other manufactured housing units provided by the federal temporary housing assistance program operated by the Federal Emergency Management Agency.

SEC. 11. Section 8685.2 of the Government Code is amended to read:

8685.2. An allocation may be made to a local agency for a project when, within 10 days after the actual occurrence of a disaster, the local agency has proclaimed a local emergency and that proclamation is acceptable to the director or upon the order of the Governor when a state of emergency proclamation has been issued, and if the Legislature has appropriated money for allocation for purposes of this chapter.

SEC. 12. Section 8686.2 of the Government Code is amended to read:

8686.2. When the United States or any agency thereof is to provide disaster relief funds for any portion of the cost of a project, the amount so provided shall be deducted from the cost of the project in determining the amount to be allocated by the state and the amount to be contributed by the local agency under Section 8686. It shall not be required that the disaster relief funds to be provided from federal sources shall be paid into the State Treasury, but the director shall, if state funds are available, authorize the work to be commenced when the director has received assurance, adequate in his or her opinion, that the federal disaster relief matching funds will be made available for expenditure for the work, or for payment to the state for performance thereof.

SEC. 13. Section 8690.25 of the Government Code is amended to read:

8690.25. The Disaster Assistance Fund, referred to as "fund" in this article, is hereby created as a special fund in the State Treasury. This fund and its subsidiary account, the Earthquake Emergency Investigations Account, are continuously appropriated, without regard to fiscal years, for purposes of this act.

SEC. 14. Section 8690.45 of the Government Code is amended to read:

8690.45. The Controller shall establish the following special account in the Disaster Assistance Fund.

The Earthquake Emergency Investigations Account, into which shall be paid all moneys appropriated by the Legislature to the Seismic Safety Commission for allocation for the purpose of enabling immediate investigation of damaging earthquakes. Allocations may be made by the commission to assist organizations that have incurred expenses in the course of conducting earthquake investigations. Allocations may be made to cover the following expenses:

- (a) Travel, meals, and lodging.

- (b) Publishing of findings.
- (c) Contractor assistance in the investigation.
- (d) Other expenses that the commission may allow as necessary to assist the investigation.

The unpredictable nature of earthquakes necessitates immediate access to funds for investigative purposes. For this reason, notwithstanding any other provision of law, funds in the Earthquake Emergency Investigations Account shall be available for expenditure without regard to fiscal years.

SEC. 15. Section 8690.8 of the Government Code is amended to read:

8690.8. (a) There is hereby created, within the Disaster Response-Emergency Operations Account, the 1987 Higher Education Earthquake Account, into which shall be paid all moneys allocated pursuant to Section 8690.6 for assistance to eligible higher education entities that incurred losses or expenses related to earthquake activity that began on October 1, 1987. For purposes of this section, an "eligible higher education entity" means any campus of the California State University or of any community college district that is located within the disaster area proclaimed by the Governor, as a result of the October 1, 1987, earthquake and aftershocks. Moneys appropriated to the 1987 Higher Education Earthquake Account shall be used for the following purposes:

(1) To reimburse eligible higher education entities for personnel overtime costs and for supplies used for disaster assistance programs, including the cost of administering these assistance programs.

(2) To provide for the repair, cleanup, and reconstruction of damaged public facilities.

(3) To provide matching funds required under federal disaster assistance programs.

(4) Funds up to five hundred thousand dollars (\$500,000) from the amount allocated to the account may be used for the purposes described in Section 8683 and also to provide administrative support required for the rapid and effective implementation of the disaster assistance program authorized by this subdivision.

(5) To provide other assistance as the director deems necessary to carry out this section.

(b) In order to qualify for funding under this section, the California State University and any eligible community college district shall undertake to utilize maximum federal participation in funding projects, and no funds allocated under this section shall be used to supplant federal funds otherwise available in the absence of state financial relief.

(c) The Office of Emergency Services shall establish standards and instructions for the receipt of applications from, and the processing of

claims by, eligible higher education entities within 30 days of the operative date of this section, as added by the 1987–88 First Extraordinary Session of the Legislature. Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2, these standards, if promulgated, shall not be subject to the review and approval of the Office of Administrative Law.

(d) Under the standards and procedures to be prescribed by the Office of Emergency Services, a higher education entity may receive an advance of funds for approved costs. These advances shall not exceed 90 percent of the amount approved for allocation to the eligible local agency.

(e) Funds provided pursuant to the requirement of this section may be audited by the Controller.

(f) Any unused funds shall revert to the Disaster Response-Emergency Operations Account.

SEC. 16. Section 8871.5 of the Government Code is amended to read:

8871.5. The disastrous effects and after effects of the Mexico City earthquake of September 19, 1985, have increased the urgency for development of local plans to provide authority and procedures for orderly transition from emergency disaster response operations to short- and long-range efforts toward reestablishment of governmental services, private business activity, and reconstruction and rehabilitation.

In furtherance of that purpose, the commission shall enter into a grant agreement with a local agency situated in a high earthquake-hazard area for development of a program model for use by local agencies and the state which will address at least, but need not be limited to, the following elements:

(a) Establishment of a coordinating body within the jurisdiction to assess the various impacts of the disaster, recommend appropriate legislative, administrative, and private actions, and monitor implementation efforts.

(b) Creation of an information-gathering mechanism to provide the basis for evaluation, prioritization, and implementation.

(c) Procedures for coordination and orderly transition from disaster response to reconstruction and rehabilitation.

(d) Identification, delineation, and preparation of legislation, both statutory and local, necessary to provide authority on a preevent basis for postevent activity to accomplish the purposes of this program.

(e) Integration and coordination with this chapter, the California Emergency Services Act (Chapter 7 (commencing with Section 8550)), the Disaster Assistance Act (Chapter 7.5 (commencing with Section 8680)), the Economic Disaster Act of 1984 (Chapter 7.6 (commencing with Section 8695)), the Planning and Zoning Law (Title 7

(commencing with Section 65000)), the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code), and the Community Development Financial Assistance and Disaster Project Law (Part 1.5 (commencing with Section 34000) of Division 24 of the Health and Safety Code).

(f) Identification of those components of the local program which may serve as a program model for disasters other than those caused by earthquake.

SEC. 17. Section 8878.125 of the Government Code is amended to read:

8878.125. (a) The proceeds from the sale of the bonds pursuant to this chapter shall not replace or supplant funds available from the Federal Emergency Management Agency (FEMA). If funds are received from FEMA for costs applied for under this chapter, then proceeds from the fund shall not be allocated, or if already allocated, then the fund shall be reimbursed for any ineligible amount.

(b) No allocations shall be made from the fund for local buildings or facilities that qualified for state or federal assistance under the Disaster Assistance Act (Chapter 7.5 (commencing with Section 8680)) for retrofitting, reconstruction, repair, replacement, or relocation of structures damaged by a disaster until the Office of Emergency Services determines either: (1) that reasonable efforts have been made to secure other state and federal funds, or (2) that the other sources of funding are insufficient to make the necessary seismic improvements. Similarly, no allocations from the fund shall be made for state buildings or facilities unless the Department of Finance determines either: (1) the responsible agency has made reasonable efforts to secure other state and federal funds, or (2) that the other sources of funding are insufficient to correct state buildings or facilities that are seismically unsafe or suffer from other safety deficiencies.

SEC. 18. Section 93005 of the Government Code is amended to read:

93005. The authority is a local agency for purposes of the Disaster Assistance Act (Chapter 7.5 (commencing with Section 8680) of Division 1 of Title 2).

SEC. 19. Section 128 of the Water Code is amended to read:

128. (a) In times of extraordinary stress and of disaster, resulting from storms and floods, or where damage to watershed lands by forest fires has created an imminent threat of floods and damage by water, mud, or debris upon the occurrence of storms, the department may perform any work required or take any remedial measures necessary to avert, alleviate, repair, or restore damage or destruction to property having a general public and state interest and to protect the health, safety, convenience, and welfare of the general public of the state. In carrying



out that work, the department may perform the work itself or through or in cooperation with any other state department or agency, the federal government, or any political subdivision, city, or district.

(b) This section is intended to supplement the emergency services of the state, and nothing in this section overrides or supersedes the authority of the Director of the Office of Emergency Services to coordinate and supervise state action, upon a declaration of a state of emergency, under the California Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 2 of the Government Code) or the Disaster Assistance Act (Chapter 7.5 (commencing with Section 8680) of that division).

SEC. 20. Section 12994 of the Water Code is amended to read:

12994. (a) The Legislature finds and declares all of the following:

(1) The CALFED Bay-Delta Program has identified as a core action the need for emergency levee management planning for delta levees to improve system reliability.

(2) Even with active levee maintenance, the threat of delta levee failures from earthquake, flood, or poor levee foundation, will continue to exist.

(3) Because of this threat of failure, and the potential need to mobilize people and equipment in an emergency to protect delta levees and public benefits, the department needs authority that will enable it to act quickly.

(b) The department may do all of the following:

(1) In an emergency, as defined by Section 21060.3 of the Public Resources Code, that requires immediate levee work to protect public benefits in the delta, the department may use funds pursuant to this part without prior approval of a plan by the board or the Department of Fish and Game, in which case the requirements of Sections 12987 and 12314, and the memorandum of understanding pursuant to Section 12307, shall be carried out as soon as possible.

(A) The amount of funds that may be expended each year on emergency levee work under this section shall not be greater than two hundred thousand dollars (\$200,000) and the amount that may be expended per emergency levee site shall not be greater than fifty thousand dollars (\$50,000). The local agency shall fund 25 percent of the total costs of the emergency repair at a site or shall fund an appropriate share of the costs as approved by the board and based upon information of the local agency's ability to pay for the repairs.

(B) Department contracts executed for emergency levee work under this section shall be exempted from Department of General Services approval required under the Public Contract Code.

(C) As soon as a feasible after the emergency repair, the department shall submit a report to the board describing the levee work, costs



incurred, and plans for future work at the site, including any necessary mitigation.

(D) This section is intended to supplement emergency services provided by the state or the United States. Nothing in this section overrides or supersedes the authority of the Director of the Office of Emergency Services under the California Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 2 of the Government Code) or the Disaster Assistance Act (Chapter 7.5 (commencing with Section 8680) of Division 1 of Title 2 of the Government Code).

(2) Prepare and submit to the board for adoption a delta emergency response plan for levee failures. The plan is exempt from Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The plan may include recommendations of the multiagency response team established pursuant to paragraph (3) and may include, but not be limited to, the following:

(A) Standardized contracts for emergency levee work to be executed by the department, local agencies, or other appropriate entities.

(B) Criteria for eligible emergency levee work.

(C) Definition of an emergency levee site.

(D) Documentation requirements.

(E) Proposals for complying with the federal Endangered Species Act of 1973 (16 U.S.C. Sec. 1531 et seq.) and the California Endangered Species Act (Chapter 1.5 (commencing with Section 2050) of Division 3 of the Fish and Game Code) in an emergency.

(F) Stages of emergency response that may occur in various situations.

(3) Establish a multiagency emergency response team, consisting of representatives from the department, the board, the Department of Fish and Game, the California Conservation Corps, the Office of Emergency Services, the Federal Emergency Management Agency, the United States Army Corps of Engineers, and the United States Fish and Wildlife Service to advise on methods to ensure that levee emergencies will be resolved as quickly and safely as possible.

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## CHAPTER 462

An act to amend Sections 35400 and 35401 of the Education Code, relating to the Los Angeles Unified School District.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 11, 2002.]

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

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

(a) The Los Angeles Unified School District projects the need to construct 85 new schools in the current decade. As a result of this, the Los Angeles Unified School District will be one of the largest single sources of contracts for real estate acquisition, environmental engineering, and public works construction in the state.

(b) The Los Angeles Unified School District has an annual operating budget in excess of nine billion dollars (\$9,000,000,000). The Los Angeles Unified School District is therefore a major contractor for goods and services from a large number of vendors, including, but not limited to, consultants.

(c) Public confidence in the Los Angeles Unified School District is critical to maintaining the integrity of the school district itself, and the willingness of voters to enact both state and local bond measures to fund the Los Angeles Unified School District's urgent school construction needs.

(d) The enactment of this act does not imply any judgment or finding as to the current financial condition or fiscal practices of the Los Angeles Unified School District. However, there is a widespread legitimate public expectation that the funds of the school district must be allocated in the most cost-effective manner to minimize tax dollar waste or abuse. Consequently, there is a need for, both, independent and internal vigilance.

(e) In enacting this act it is, therefore, the intent of the Legislature to recognize that public expenditures of this magnitude require increased oversight and safeguards to avoid waste and conflicts of interest.

(f) Due to the unique circumstances concerning the Los Angeles Unified School District, it is necessary that the inspector general be provided with adequate oversight authority, and the Legislature finds and declares that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution.

SEC. 2. Section 35400 of the Education Code is amended to read:

35400. (a) The Los Angeles Unified School District's Inspector General of the Office of the Inspector General is authorized to conduct audits and investigations. The inspector general may subpoena witnesses, administer oaths or affirmations, take testimony, and compel the production of all information, documents, reports, answers, records, accounts, papers, and other data and documentary evidence deemed material and relevant and that reasonably relate to the inquiry or investigation undertaken by the inspector general when he or she has a reasonable suspicion that a law, regulation, rule, or district policy has been violated or is being violated. For purposes of this section,

“reasonable suspicion” means that the circumstances known or apparent to the inspector general include specific and articulable facts causing him or her to suspect that a material violation of law, regulation, rule, or district policy has occurred or is occurring, and that the facts would cause a reasonable officer in a like position to suspect that a material violation of a law, regulation, rule, or district bulletin has occurred or is occurring.

(b) Subpoenas shall be served in the manner provided by law for service of summons. Any subpoena issued pursuant to this section may be subject to challenge pursuant to Chapter 2 (commencing with Section 1985) of Title 3 of Part 4 of the Code of Civil Procedure.

(c) For purposes of this section, Sections 11184, 11185, 11186, 11187, 11188, 11189, 11190, and 11191 of the Government Code shall apply to the subpoenaing of witnesses and documents, reports, answers, records, accounts, papers, and other data and documentary evidence as if the investigation was being conducted by a state department head, except that the applicable court for resolving motions to compel or motions to quash shall be the Superior Court for the County of Los Angeles.

(d) Notwithstanding any other provision of the law, any person who, after the administration of an oath or affirmation pursuant to this section, states or affirms as true any material matter that he or she knows to be false is guilty of a misdemeanor punishable by imprisonment in a county jail not to exceed six months or by a fine not to exceed five thousand dollars (\$5,000), or by both that fine and imprisonment for the first offense. Any subsequent violation shall be punishable by imprisonment in a county jail not to exceed one year or by a fine not to exceed ten thousand dollars (\$10,000), or by both that fine and imprisonment.

(e) The inspector general shall submit an interim report to the Legislature by July 1, 2000, annual interim reports by July 1 of each succeeding year, and a final cumulative report by December 1, 2014, on all of the following:

(1) The use and effectiveness of the subpoena power authorized by this section in the successful completion of the inspector general’s duties.

(2) Any use of the subpoena power in which the issued subpoena was quashed, including the basis for the court’s order.

(3) Any referral to the local district attorney or the Attorney General where the district attorney or Attorney General declined to investigate the matter further or declined to prosecute.

(f) This article 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. 3. Section 35401 of the Education Code is amended to read:

35401. (a) If the inspector general determines that there is reasonable cause to believe that an employee or outside agency has engaged in any illegal activity, he or she shall report the nature and details of the activity on a timely basis to the local district attorney or the Attorney General.

(b) The inspector general shall not have any enforcement power.

(c) Every investigation, including, but not limited to, all investigative files and work-product, shall be kept confidential, except that the inspector general may issue any report of an investigation that has been substantiated, keeping confidential the identity of the individual or individuals involved, or release any findings resulting from an investigation conducted pursuant to this article that is deemed necessary to serve the interests of the district.

(d) This section shall not limit any authority conferred upon the Attorney General or any other department or agency of government to investigate any matter.

(e) Except as authorized in this section, or when called upon to testify in any court or proceeding at law, any disclosure of information by the inspector general or that office that was acquired pursuant to a subpoena of the private books, documents, or papers of the person subpoenaed, is punishable as a misdemeanor. 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.

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## CHAPTER 463

An act to amend Sections 99200 and 99206 of the Education Code, relating to instructional strategies.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 11, 2002.]

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

SECTION 1. Section 99200 of the Education Code is amended to read:

99200. (a) With funds appropriated therefor, and with the approval of the Concurrence Committee, the Regents of the University of

California shall establish and maintain cooperative endeavors designed to accomplish the following:

(1) Develop and enhance teachers' subject matter knowledge in the subject matter areas specified in Section 99201.

(2) Develop and enhance teachers' instructional strategies to improve student learning and academic performance as measured against State Board of Education standards adopted pursuant to Section 60605.

(3) Provide teachers with access to and opportunity to examine current research that is demonstrably linked to improved student learning and achievement as measured by performance levels on state tests administered pursuant to Section 60605.

(4) Maintain subject-specific professional communities that create ongoing opportunities for teacher learning and research.

(5) Develop and deploy as teacher leaders, teachers with demonstrated levels of expertise in the classroom and certifiable levels of content knowledge.

(b) The duties of the Concurrence Committee shall include, but need not be limited to, all of the following:

(1) Ensuring that the statewide and local subject matter projects comply with requirements of this chapter.

(2) Developing rules and regulations for the statewide subject matter projects.

(3) Selecting a contractor for a four-year independent evaluation of the effectiveness of the subject matter projects.

(c) An independent evaluation of the effectiveness of the subject matter projects shall be performed by a contractor selected pursuant to paragraph (3) of subdivision (b), and shall be reported to the State Board of Education, the Governor, and the Legislature by February 1, 2006. Preliminary results shall be reported annually beginning February 1, 2004. The evaluation shall include, but not be limited to:

(1) Documenting the impact of participation in the program on student achievement in the statewide tests administered pursuant to Section 60605.

(2) Measuring the results of research on learning, knowledge, and educational materials developed by the statewide subject matter projects.

(3) Documenting the quantity, quality, cost-effectiveness, and inclusiveness of subject matter project programs.

(4) The impact of the subject matter projects on the performance levels of low-performing schools affiliated with the subject matter projects.

(d) Grants to establish local sites of statewide subject matter projects shall be available to institutions of higher education, county offices of education and school districts, or any combination thereof, with a

subject matter proposal approved pursuant to this article. Once established, each subject matter project shall be administered by the University of California in cooperation with the Concurrence Committee. Local sites of statewide subject matter projects shall be distributed throughout the state so that elementary, secondary, and postsecondary school personnel located in rural, urban, and suburban areas may avail themselves of subject matter projects.

(e) The composition of the Concurrence Committee shall be as follows:

(1) One representative selected by the Regents of the University of California.

(2) One representative selected by the Board of Trustees of the California State University.

(3) Two representatives selected by the State Board of Education.

(4) One representative selected by the Governor.

(5) One representative selected by the Commission on Teacher Credentialing.

(6) One representative selected by the Curriculum Development and Supplemental Materials Commission.

(7) One representative of the California Community Colleges selected by the Board of Governors of the California Community Colleges.

(8) One representative of an independent postsecondary institution selected by the Association of Independent California Colleges and Universities.

SEC. 2. Section 99206 of the Education Code is amended to read: 99206. This article shall become inoperative on June 30, 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.

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## CHAPTER 464

An act relating to the Hunters Point Shipyard.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 11, 2002.]

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

SECTION 1. This act shall be known, and may be cited, as the Hunters Point Shipyard Conversion Act of 2002.

SEC. 2. The following definitions apply for purposes of this act:

- (a) "Agency" means the San Francisco Redevelopment Agency.
- (b) "Burton Act" means Chapter 1333 of the Statutes of 1968, as amended.
- (c) "City" means the City and County of San Francisco.
- (d) "Public trust" or "trust" means the public trust for commerce, navigation, and fisheries.
- (e) "Redevelopment area" means the project area as described in the redevelopment plan, consisting of the Hunters Point Shipyard and the Hunters Point submerged lands.
- (f) "Redevelopment plan" means the Hunters Point Shipyard Redevelopment Plan adopted by the agency pursuant to Chapter 4.5 (commencing with Section 33492) of Part 1 of Division 24 of the Health and Safety Code.
- (g) "Hunters Point trust lands" means all lands, including tide and submerged lands, within the redevelopment area that presently, or upon conveyance out of federal ownership, are subject to the public trust.
- (h) "Hunters Point Shipyard" or "Shipyard" means all that real property situate in the City and County of San Francisco, State of California, and depicted on that certain Record of Survey entitled "Hunters Point Shipyard," filed October 3, 2000, in Book Z of Maps at Pages 135-147, inclusive, Official Records of said County, described as follows:
- Beginning at a point on the boundary of said Shipyard, said point being the intersection of the northeasterly line of Palou Avenue with the southeasterly line of Arelious Walker Drive, as said northeasterly line and said southeasterly line are shown and so designated on said Record of Survey; thence along said boundary the following forty two (42) courses depicted on said Record of Survey:
- (1) South  $66^{\circ}25'05''$  East 774.37 feet.
  - (2) South  $74^{\circ}08'55''$  East 68.77 feet.
  - (3) North  $25^{\circ}47'05''$  East 177.17 feet.
  - (4) North  $65^{\circ}01'12''$  West 377.67 feet.
  - (5) North  $51^{\circ}36'00''$  West 202.50 feet.
  - (6) North  $65^{\circ}32'10''$  West 227.49 feet.
  - (7) North  $67^{\circ}44'21''$  West 60.90 feet.
  - (8) North  $69^{\circ}21'38''$  West 156.62 feet.
  - (9) North  $74^{\circ}41'44''$  West 78.46 feet.
  - (10) North  $74^{\circ}20'28''$  West 383.85 feet to said northeasterly line of Palou Avenue.
  - (11) Along said northeasterly line North  $53^{\circ}20'05''$  West 25.88 feet to the southeasterly line of Griffith Street.
  - (12) Along said southeasterly line North  $36^{\circ}38'03''$  East 199.69 feet to the southeasterly extension of the southwesterly line of Oakdale Avenue.



(13) Along said extension North  $53^{\circ}19'35''$  West 33.05 feet to the former centerline of said Griffith Street.

(14) Along said former centerline North  $36^{\circ}40'25''$  East 599.49 feet to the former centerline of McKinnon Avenue.

(15) Along said former centerline South  $53^{\circ}19'35''$  East 664.03 feet to the centerline of said Arelious Walker Drive.

(16) Along said centerline North  $36^{\circ}40'25''$  East 319.20 feet to the former northeasterly line of LaSalle Avenue.

(17) Along said former northeasterly line South  $53^{\circ}19'35''$  East 632.03 feet to the northwesterly line of Earl Street and the beginning of a nontangent curve to the right having a radius of 105.00 feet, through which beginning of curve a radial line bears South  $53^{\circ}18'24''$  East.

(18) Southwesterly 69.26 feet along said curve through a central angle of  $37^{\circ}47'31''$  to a radial line of said curve which bears South  $15^{\circ}30'53''$  East

(19) Along the southerly prolongation of said radial line South  $15^{\circ}30'53''$  East 50.00 feet to the beginning of a nontangent curve to the right having a radius of 20.00 feet, through which beginning of curve a radial line bears North  $15^{\circ}30'53''$  West.

(20) Easterly 16.92 feet along said curve through a central angle of  $48^{\circ}28'06''$  to the former centerline of said Earl Street.

(21) Along said former centerline South  $36^{\circ}42'05''$  West 398.89 feet.

(22) North  $64^{\circ}13'49''$  West 22.16 feet.

(23) South  $25^{\circ}46'11''$  West 157.97 feet.

(24) South  $64^{\circ}13'49''$  East 727.86 feet.

(25) North  $25^{\circ}46'11''$  East 174.63 feet.

(26) North  $36^{\circ}38'36''$  East 889.96 feet.

(27) North  $53^{\circ}03'31''$  West 48.02 feet.

(28) North  $36^{\circ}49'35''$  East 206.88 feet to the southwest line of Innes Avenue.

(29) Along said southwest line North  $53^{\circ}19'35''$  West 641.26 feet to the centerline of said Earl Street.

(30) Along said centerline North  $36^{\circ}42'05''$  East 40.00 feet to the centerline of said Innes Avenue.

(31) Along said centerline South  $53^{\circ}19'35''$  East 32.00 feet to the southeasterly line of said Earl Street (labeled on said Record of Survey as the easterly line of said Earl Street).

(32) Along said southeasterly line and its northeasterly extension North  $36^{\circ}42'05''$  East 3,151.02 feet to the 1948 Bulkhead Line.

(33) Along said 1948 Bulkhead Line South  $35^{\circ}56'38''$  East 2,553.02 feet.

(34) South  $30^{\circ}48'41''$  West 50.70 feet to the beginning of a nontangent curve to the right having a radius of 1800.00 feet, through which beginning of curve a radial line bears North  $21^{\circ}45'47.3''$  East.



(35) Southeasterly 2727.35 feet along said curve through a central angle of  $86^{\circ}48'51.3''$ .

(36) North  $53^{\circ}17'47''$  West 453.20 feet to the 1941 Bulkhead Line.

(37) Along said 1941 Bulkhead Line South  $13^{\circ}41'06''$  West 4345.404 feet.

(38) South  $53^{\circ}17'47''$  East 235.706 feet to said 1948 Bulkhead Line.

(39) Along said 1948 Bulkhead Line South  $12^{\circ}07'46''$  West 1985.64 feet to the San Francisco/San Mateo County Line.

(40) Along said County line North  $88^{\circ}54'38''$  West 127.35 feet to the southeasterly extension of the northeasterly line of Bancroft Avenue.

(41) Along said extension North  $53^{\circ}17'47''$  West 7,483.89 feet to the southwesterly extension of said southeasterly line of Arelious Walker Drive.

(42) Along said extension and said southeasterly line North  $36^{\circ}42'13''$  East 2,800.00 feet to the point of beginning.

(i) "Hunters Point submerged lands" means all that real property situate in the City and County of San Francisco, State of California and depicted on that certain Record of Survey entitled "Hunters Point Shipyard," filed October 3, 2000, in Book Z of Maps at Pages 135-147, inclusive, Official Records of said County, and on that certain United States Army Corps of Engineers map entitled "San Francisco Bay, California, Harbor Lines, San Francisco," Drawing Number 1-4-19, Sheet 8 of 8, dated February 13, 1948, on file at the Port of San Francisco, Department of Engineering, San Francisco, described as follows:

Beginning at a point on the boundary of said Shipyard as shown on said Record of Survey, said point being the intersection of the northeasterly extension of the southeasterly line of Earl Street (labeled on said Record of Survey as the easterly line of said Earl Street) with the 1948 Bulkhead Line, as shown on said Record of Survey; thence along said northeasterly extension North  $36^{\circ}42'05''$  East 838.15 feet, more or less, to the Pierhead Line, as shown on said Record of Survey and on said United States Army Corps of Engineers map; thence along said Pierhead Line South  $35^{\circ}56'38''$  East 4627.85 feet and South  $13^{\circ}41'06''$  West 7538.62 feet, more or less, to the San Francisco/San Mateo County Line; thence along said County Line North  $88^{\circ}54'38''$  West 542.21 feet, more or less, to said 1948 Bulkhead Line and said boundary of said Shipyard; thence along said boundary the following seven (7) courses depicted on said Record of Survey: along said 1948 Bulkhead Line North  $12^{\circ}07'46''$  East 1985.64 feet; North  $53^{\circ}17'47''$  West 235.706 feet to the 1941 Bulkhead Line; along said 1941 Bulkhead Line North  $13^{\circ}41'06''$  East 4345.404 feet; South  $53^{\circ}17'47''$  East 453.20 feet to the beginning of a nontangent curve to the left having a radius of 1800.00 feet, through which beginning of curve a radial line bears South  $71^{\circ}25'21.3''$  East;

northwesterly 2727.35 feet along said curve through a central angle of  $86^{\circ}48'51.3''$ ; North  $30^{\circ}48'41''$  East 50.70 feet to said 1948 Bulkhead Line, and along said 1948 Bulkhead Line North  $35^{\circ}56'38''$  West 2553.02 feet to the point of beginning.

SEC. 3. The Legislature finds and declares the following:

(a) The purpose of this act is to delegate to the agency the responsibility of administering the public trust on trust lands within the redevelopment area following the transfer of the Hunters Point Shipyard, or portions thereof, from the United States Department of the Navy to the agency.

(b) The Hunters Point Shipyard and adjacent areas include lands that were historically tide and submerged lands subject to the public trust, as well as historic uplands that were not subject to the trust. Beginning in 1861, some of the tide and submerged lands were granted to private owners under various state statutes. Portions of those lands were subsequently filled and reclaimed. Tide and submerged lands that were not filled, as well as certain portions of the filled lands, remained subject to the public trust.

(c) In 1939, the United States began acquiring lands for purposes of constructing and operating what came to be known as the Hunters Point Shipyard. The shipyard was used primarily as a Navy industrial operation for the modification, maintenance, and repair of ships. The shipyard was closed in 1974, but continued to be used for ship docking and repair activities. Portions were also leased to several small businesses, artisans, and others.

(d) Hunters Point Shipyard was designated by the Navy for closure and potential reuse by the community pursuant to the Defense Base Closure and Realignment Act of 1990 (Public Law 101-510) and subsequent amendments thereto. The Navy has the authority under federal law to convey the property to the city or to the agency as the local reuse authority approved by the city.

(e) In 1997, the agency and the city adopted the redevelopment plan to provide for the economic development and revitalization of the Hunters Point Shipyard. The agency is responsible for administering the redevelopment plan.

(f) The Navy is presently in negotiations with the city for the transfer of the Hunters Point Shipyard, or portions thereof, to the agency.

(g) All former and existing tide and submerged lands within the redevelopment area over which the public trust has not been terminated are subject to the public trust upon their release from federal ownership. To facilitate the conversion of the Hunters Point Shipyard to productive civilian reuse while ensuring that public trust lands within the shipyard are effectively and properly managed, it is necessary to vest the authority

to administer the trust in the agency because the agency is responsible for the redevelopment of the shipyard.

(h) This act grants the state's sovereign interest in the Hunters Point trust lands to the agency and establishes the agency as the trust administrator for those lands. This act advances the purposes of the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code) and the public trust, and is in the best interests of the people of this state.

SEC. 4. (a) All of the State of California's right, title, and interest, acquired by virtue of its sovereignty, in the Hunters Point trust lands, or any portion thereof, conveyed by the federal government to the agency, is granted to and vested in the agency, subject to the public trust and the terms and conditions of this act.

(b) Upon conveyance by the federal government to the agency of any piers or other appurtenances located in part on Hunters Point submerged lands, all of the State of California's right, title, and interest, acquired by virtue of its sovereignty, in the Hunters Point submerged lands are granted to and vested in the agency, subject to the public trust and the terms and conditions of this act.

(c) The Burton Act does not apply to any Hunters Point trust lands acquired by the agency. Any right, title, and interest of the city in those lands acquired by virtue of the Burton Act is transferred to the agency.

(d) The agency and its successors in interest shall hold any acquired Hunters Point trust lands in trust for the benefit of all the people of the state for purposes of commerce, navigation, and fisheries, and for other public trust purposes, subject to the terms of this act.

SEC. 5. The agency shall be the public trust administrator for any Hunters Point trust lands acquired by the agency.

SEC. 6. The agency may use, conduct, operate, maintain, manage, administer, regulate, improve, lease, and control the Hunters Point trust lands and do all things necessary in connection with that authority that conform with the terms of this act and the public trust. Except as provided in this act, the agency shall use the Hunters Point trust lands only in a manner that is consistent with, necessary and convenient for, or incidental or ancillary to, the purposes of the public trust.

SEC. 7. The agency shall not grant, convey, give, or alienate the Hunters Point trust lands, or any part thereof, to any individual, firm, or corporation for any purpose, except as provided in this act or as otherwise provided by statute.

SEC. 8. The agency may grant franchises, permits, privileges, licenses, easements, or leasehold interests (collectively referred to as "leases") in connection with the Hunters Point trust lands, or any part thereof, for a term not exceeding 66 years. Any leases for use of the Hunters Point trust lands must be solely for uses that are consistent with,

necessary and convenient for, or incidental or ancillary to, the purposes of the public trust, except that leases may be entered into for other uses if the agency has made all of the following determinations:

(a) There is no immediate trust-related need for the property proposed to be leased.

(b) The proposed lease is of a duration of no more than five years and can be terminated in favor of trust uses as they arise.

(c) The proposed lease prohibits the construction of new structures or improvements on the subject property that, as a practical matter, could prevent or inhibit the property from being converted to any permissible trust use if necessary.

(d) The proposed use of the leased property would not interfere with commerce, navigation, fisheries, or any other existing trust uses or purposes.

SEC. 9. (a) The agency may exchange certain portions of the Hunters Point trust lands with any state agency, political subdivision, person, entity, or corporation, or the United States or any agency thereof, for other lands, if the agency determines, and the State Lands Commission adopts a resolution finding and declaring, all of the following:

(1) The portions of the Hunters Point trust lands to be exchanged have been filled and reclaimed, are cut off from access to the waters of San Francisco Bay, are no longer needed or required for the promotion of the public trust for commerce, navigation, and fisheries, and constitute a relatively small portion of the lands granted to the city.

(2) The lands to be acquired by the agency have a value equal to or greater than the value of the lands for which they are to be exchanged and are useful for the particular trust purposes authorized by this act.

(3) No substantial interference with trust uses and purposes will ensue by virtue of the exchange.

(b) Upon adoption of the resolution by the State Lands Commission, the lands conveyed by the agency shall be free from the public trust, and the lands received by the agency in exchange shall be held subject to the public trust and to the terms of this act.

(c) Exchanges made pursuant to this section are hereby found to be of statewide significance and importance. Therefore, no ordinance, charter provision, or other provision of local law inconsistent with this section applies to the exchange.

SEC. 10. (a) The agency shall deposit all moneys collected by the agency arising out of the use or operation of any of the Hunters Point trust lands, including all revenues derived from leases or other rights to use or occupy the lands, into a special fund maintained by the agency. The agency shall use the money in or belonging to the fund only for uses

and purposes consistent with the public trust and the requirements of this act.

(b) The agency shall prepare an annual statement of financial conditions and operations and submit it to the State Lands Commission each year on or before October 1. The statement shall include a statement of all revenues and expenditures related to trust lands and trust assets, including obligations incurred but not yet paid.

SEC. 11. There is reserved in the people of the State of California the right to hunt and fish in and over the waters on the Hunters Point trust lands, together with the right of convenient access to the waters over the Hunters Point trust lands for those purposes.

SEC. 12. There is excepted from the grant made in Section 4 and reserved to the State of California all subsurface mineral deposits, including oil and gas deposits, together with the right of ingress and egress on the Hunters Point trust lands for exploration, drilling and extraction of such mineral, and oil and gas deposits. The mineral rights, including the right of ingress and egress, may not be exercised in a manner that would disturb or otherwise interfere with any lease, franchise, permit, or license of, or on, the Hunters Point trust lands. However, any lease, franchise, permit, or license of the property shall contain a provision specifying at least one point from which, and the manner in which, the right of ingress or egress to the subsurface deposits may be exercised, which point or points may be outside the area of the leasehold, franchise, permit, or license, as long as the point or points are adequate to permit the rights reserved to the state to be exercised.

SEC. 13. In the management, conduct, operation, and control of the Hunters Point trust lands, or any improvements, betterments, or structures thereon, the agency shall make no discrimination in rates, tolls, or charges for any use or service in connection therewith.

SEC. 14. The State of California has the right to use, without charge, any transportation, land or storage improvements, wharves, docks, piers, slips, quays, or other improvements constructed upon the Hunters Point trust lands, for any vessel or other watercraft, aircraft, or railroad owned or operated by the State of California.

SEC. 15. (a) The state reserves the right to amend, modify, or revoke any and all rights in the Hunters Point trust lands granted to the agency under this act.

(b) No amendment or revocation, in whole or in part, of the granted rights in the Hunters Point trust lands may impair or affect the rights or obligations of third parties, including the holders of bonds or securities, lessees, lenders for value, and holders of contracts conferring the right to the use or occupation of, or the right to conduct operations upon or within, the Hunters Point trust lands, arising from leases, contracts, or other instruments lawfully entered into prior to the effective date of the

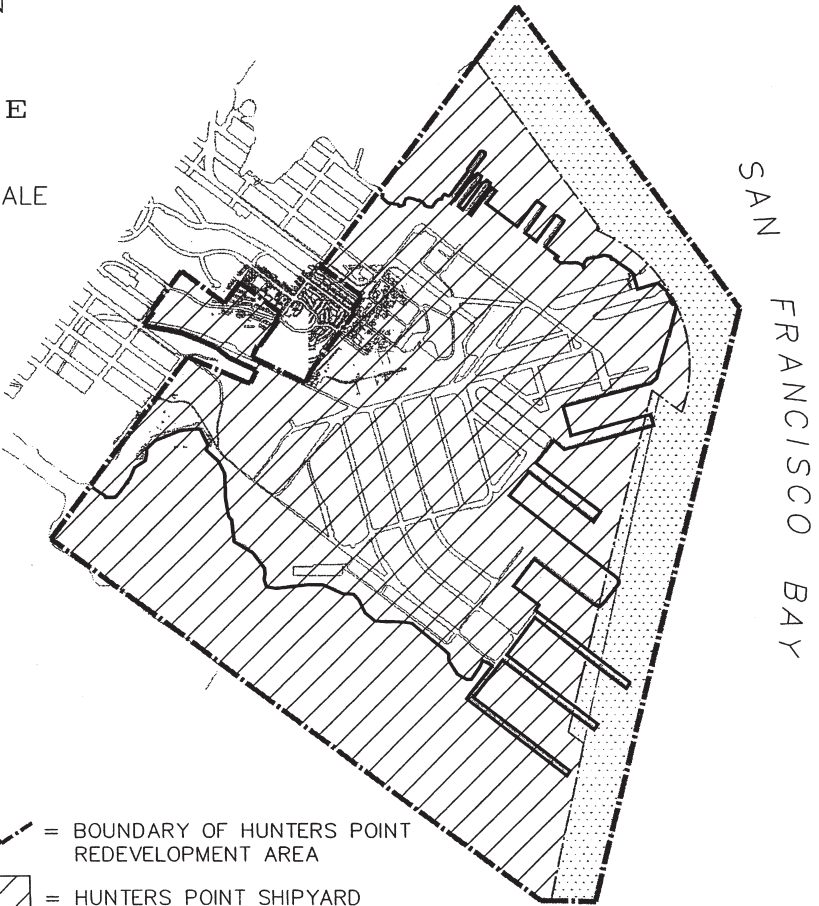
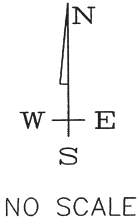
amendment or revocation. For purposes of this section, the term “bonds” includes, without limitation, lease revenue bonds and other bonds, lease financing arrangements, and certificates of participation.


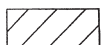
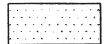
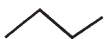
(c) If any lease, contract, or other instrument described in subdivision (b) is in effect on the effective date of any amendment or revocation, the state, at its option exercised by and through the State Lands Commission, may succeed to the agency’s interest in the instrument; otherwise, the agency’s interest in the instrument shall continue during the term or other period of time during which the instrument shall remain in effect. All bonds or securities issued by the agency and payable out of revenues from the Hunters Point trust lands shall continue to be so payable, directly or indirectly, and secured in all respects as provided in the proceedings for their issuance, and the revenues of the Hunters Point trust lands shall be pledged and applied to the payment of the bonds or securities in all respects as though no amendment or revocation had taken place.

SEC. 16. Upon written agreement between the agency and the San Francisco Port Commission, and approval by the State Lands Commission, the city, by and through its Port Commission, may assume authority from the agency as the trust administrator over some or all of the Hunters Point trust lands. The city shall hold and administer those lands in accordance with the requirements of the public trust and the Burton Act.

SEC. 17. The following diagram, depicting the approximate boundaries of the redevelopment area, the Hunters Point Shipyard, and the Hunters Point submerged lands, is a part of this act:

HUNTERS POINT SHIPYARD  
CONVERSION ACT OF 2002



-  = BOUNDARY OF HUNTERS POINT REDEVELOPMENT AREA
-  = HUNTERS POINT SHIPYARD
-  = HUNTERS POINT SUBMERGED LANDS  
(Granted in trust to the Port of San Francisco by Chapter 1333, Statutes of 1968)
-  = APPROXIMATE SHORELINE / PIERS

California State Lands Commission  
March, 2002 MJB



SEC. 18. Nothing in this act may be construed to nullify the agency's obligations for increasing, improving, and preserving the community's supply of low- and moderate-income housing imposed by the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code), including, but not limited to, the requirements of Sections 33334.2 and 33413 of the Health and Safety Code.

SEC. 19. Nothing in this act may be construed to authorize the development of housing on public trust land.

SEC. 20. The Legislature finds and declares that, because of the unique circumstances applicable only to the trust lands described in this act, relating to the transfer of the Hunters Point Shipyard out of federal ownership, a statute of general applicability cannot be enacted within the meaning of subdivision (b) of Section 16 of Article IV of the California Constitution. Therefore, this special statute is necessary.

SEC. 21. 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.

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## CHAPTER 465

An act to amend Sections 75, 76, 78, 395.04, 987.15, 987.56, 987.566, 988.2, 1035, 1035.05, 1035.3, 1035.4, 1038, and 1039.3 of, and to add Sections 988.4 and 988.5 to, the Military and Veterans Code, relating to military and veterans.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 11, 2002.]

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

SECTION 1. Section 75 of the Military and Veterans Code is amended to read:

75. The secretary shall be appointed by and serve at the pleasure of the Governor.

SEC. 2. Section 76 of the Military and Veterans Code is amended to read:



76. The annual salary of the secretary is provided for by Chapter 6 (commencing with Section 11550) of Part 1 of Division 3 of Title 2 of the Government Code.

SEC. 3. Section 78 of the Military and Veterans Code is amended to read:

78. The Secretary of Veterans Affairs is head of the department and, as head of the department and subject to the policies adopted by the board, shall perform all duties, exercise all powers and jurisdiction, assume and discharge all responsibilities and carry out and effect all provisions now or hereafter vested by law in the department.

SEC. 4. Section 395.04 of the Military and Veterans Code is amended to read:

395.04. During the time that as an officer or enlisted man or woman of the California National Guard, who is on full-time active duty in the military service of the state, and is engaged, with the approval of the Adjutant General, in the military service of the state in attendance at drills, camps, or special exercises, sponsored by federal authority or by the United States Department of Defense, as a member of the National Guard of the United States, he or she shall receive salary, pay, and compensation as provided in Sections 320 and 321.

SEC. 5. Section 987.15 of the Military and Veterans Code is amended to read:

987.15. The department shall not acquire a home in which the veteran has an interest of record except in the following instances:

(a) Where the application is for aid for the construction of a home upon unimproved real property owned by the applicant.

(b) Where the veteran had no interest of record in the property at the time of filing his or her application and thereafter secured interim financing pending the processing and approval of his or her application by the department.

(c) Where the application is to pay the balance due on an existing loan not insured or guaranteed by the federal government, and which bears an interest rate of more than  $5\frac{3}{4}$  percent.

(d) Where the application is for purchase of a mobilehome to be situated upon real property, or an undivided interest therein, owned by the applicant.

(e) Where the veteran had a prior interest of record in the property as a result of property left in trust at the time of filing his or her application. The loan may only be used to pay the amount of any existing encumbrance.

SEC. 6. Section 987.56 of the Military and Veterans Code is amended to read:

987.56. (a) The department shall prescribe and determine the qualifications of all veterans. Any person deeming himself or herself a

veteran and desiring to benefit hereunder, shall submit to the department information, in the form prescribed by the department, that will enable the department to determine his or her eligibility and qualifications. The department may make further inquiries and investigations in order to determine eligibility and qualifications.

(b) Whenever the department determines that a shortage of funds exists in any of the funding sources available, the department shall use the following preference categories for the use of those funds.

(1) Veterans who are otherwise qualified because of service during a time of war and who were wounded or disabled as a result of their service shall be given first preference in the benefits conferred by this article. The department shall determine, in each case, whether the veteran was wounded or disabled as a result of service.

(2) The following group shall be given second preference in the benefits conferred by this article:

(A) The unremarried spouse of individuals who were members of the Armed Forces on active military duty and were killed in the line of duty while on active duty.

(B) Members of the Armed Forces who were held as prisoners of war.

(C) The unremarried spouse of members of the Armed Forces who have been designated by the Armed Forces as missing in action.

(3) Veterans whose eligibility is derived from service any portion of which was on or after August 2, 1990, and prior to a date to be set by law or by a Presidential proclamation ending the Gulf War, and veterans with wartime service discharged or released from active duty within 10 years of their application to the department shall be given third preference in the benefits conferred by this article.

(4) Active members of the California National Guard or a reserve component of a branch of the United States Armed Forces who meet the eligibility criteria of paragraph (3) of subdivision (a) of Section 980 shall be given fourth preference in the benefits conferred by this article.

(5) Veterans with wartime service discharged or released from active duty more than 10 years prior to their application to the department shall be given fifth preference in the benefits conferred by this article.

(6) Veterans who are otherwise qualified and whose only military service was during a time of peace shall be given sixth preference for the benefits conferred by this article.

(7) Veterans eligible for a subsequent loan under subdivision (a) of Section 987.86 shall be given seventh preference in the benefits conferred by this article.

(c) Nothing in this section regarding preferences shall affect any eligibility requirement for benefits conferred by this article.

SEC. 7. Section 987.566 of the Military and Veterans Code is amended to read:

987.566. Whenever applications exceed the amount of funds available in any one or more of the available funding categories, the department may establish a date for each funding category so as to provide funding to veterans whose applications were filed on or before that date, and whose applications are subsequently approved, before funding is made available to those whose applications are filed after that date.

SEC. 8. Section 988.2 of the Military and Veterans Code is amended to read:

988.2. (a) For purposes of this section, “purchaser” has the same definition as provided in Section 987.53.

(b) Out of any money available in the Veterans’ Farm and Home Building Fund of 1943, the department may advance to any purchaser upon his or her application, and under the policies as the department may, from time to time, prescribe, sums for the purpose of paying taxes and assessments, or making permanent improvements, including permanent improvements for the purpose of increasing farm productivity, or for keeping in good order or repair, or for painting, redecorating, or remodeling, all buildings, fences, or other permanent improvements on, or the insuring against fire or other hazards, any building, fence, or other permanent improvement, or crops on the property being purchased from the department, or the department may advance to the purchaser moneys actually expended in so doing.

(c) Any of the money advanced to a purchaser by the department may be added to the deferred principal of the purchaser’s account and shall bear interest at the rate prescribed by the department and shall be repaid by the purchaser to the department under the conditions as it may prescribe.

(d) The moneys advanced may, in the discretion of the department, be in addition to the maximum purchase price of a farm or home as provided by the Veterans’ Farm and Home Purchase Act of 1974, as amended, and acts supplementary thereto.

(e) Any money required by the department to be paid for the purpose of taxes, insurance premiums, and other charges when they become due may be maintained by the department using the escrow accounting method in accordance with lending industry standards and the laws governing escrow accounts of this type.

(f) The department shall be the sole judge of the need and desirability of making advances or requiring payments by the purchaser under this section.

SEC. 9. Section 988.4 is added to the Military and Veterans Code, to read:

988.4. (a) For purposes of this section, “purchaser” includes any veteran whose only loan with the department is for the purpose of a home

improvement on property that is the principal place of residence of the veteran.

(b) Out of any money available in the Veterans' Farm and Home Building Fund of 1943, the department may advance to a purchaser upon his or her application, and under the policies as the department may, from time to time, prescribe, sums for the purpose of making alterations, repairs, or improvements on or in connection with the principal place of residence of the purchaser.

(c) The department shall be the sole judge of the need and desirability of making advances and the method of repayment by the purchaser under this section.

SEC. 10. Section 988.5 is added to the Military and Veterans Code, to read:

988.5. All loans granted under this article shall be funded in accordance with federal laws governing the use of tax-exempt bonds.

SEC. 11. Section 1035 of the Military and Veterans Code is amended to read:

1035. (a) All moneys and other personal property of any veteran held by the home, or by its authority, or left by the veteran upon the premises of the home, shall, upon the death of the veteran, be held by the home in trust to be paid or delivered by the home upon proof determined to be proper to the administrator, directly and without probate, to the heirs of the veteran, except that the administrator may disburse funds of any deceased veteran for payment of funeral expenses or any obligation owed to the home, including the cost of any care rendered by the home in excess of the fees paid by the veteran to the home. Any funds of the deceased veteran representing the cost of care rendered by the home in excess of the fees paid by the veteran to the home shall be paid to the Morale, Welfare, and Recreation Fund.

This subdivision applies only to veterans becoming members of the home on or after January 1, 1984.

(b) All moneys and other personal property of any veteran held by the home, or by its authority, or left by the veteran upon the premises of the home, shall, upon the death of the veteran, be held by the home in trust to be paid or delivered by the home upon proof determined to be proper to the administrator, directly and without probate, to the spouse, children, grandchildren, or father or mother of the veteran, except that the administrator may disburse funds of any deceased veteran for payment of funeral expenses or any obligation owed to the home.

This subdivision applies only to veterans who have become members of the home prior to January 1, 1984.

SEC. 12. Section 1035.05 of the Military and Veterans Code is amended to read:

1035.05. (a) All moneys and other personal property of any veteran other than that described in Section 1035 shall, upon the death of the veteran, first be paid to the administrator for payment of funeral expenses or any obligation owed to the home remaining unpaid after the disbursement required by Section 1035 is completed; and second, in the absence of an heir or heirs or a will, pass and descend to and become the property of the home for credit to the Morale, Welfare, and Recreation Fund. If the total value of that property in the state over and above any amounts due the veteran for services in the Armed Forces of the United States or from any other employment does not exceed three thousand dollars (\$3,000), the home may, without procuring letters of administration, collect any money due the decedent, receive the property of the decedent, and have any evidences of interest, indebtedness, or right transferred to it upon furnishing the person, representative, corporation, official, or body owning the money, having custody of the property, or acting as registrar or transfer agent of the evidence of that interest, indebtedness, or right, with an affidavit showing the right of the home to receive the money or property or to have the evidences transferred. The receipt of the home shall constitute sufficient acquittance for any payment of money or delivery of property made pursuant to this section and shall fully discharge that person, representative, corporation, officer, or body from any further liability with reference thereto, without the necessity of inquiring into the truth of any of the facts stated in the affidavit. However, that payment or transfer does not preclude administration when necessary to enforce payment of the decedent's debts, and the administrator may, upon proof determined to be sufficient, pay the debts directly and without administration.

This subdivision applies only to veterans becoming members of the home on or after January 1, 1984.

(b) All moneys and other personal property of any veteran other than that described in Section 1035 shall, upon the death of the veteran, in the absence of a spouse, children, grandchildren, or father or mother, pass and descend to and become the property of the home for credit to the Morale, Welfare, and Recreation Fund. If the total value of that property in the State of California over and above any amounts due the veteran for services in the Armed Forces of the United States or from any other employment does not exceed three thousand dollars (\$3,000), the home may, without procuring letters of administration or awaiting probate of any will, collect any money due the decedent, receive the property of the decedent and have any evidences of interest, indebtedness, or right transferred to it upon furnishing the person, representative, corporation, official, or body owning the money, having custody of that property, or acting as registrar or transfer agent of the evidence of that interest,

indebtedness, or right, with an affidavit showing the right of the home to receive that money or property or to have those evidences transferred. The receipt of the home shall constitute sufficient acquittance for any payment of money or delivery of property made pursuant to this section and shall fully discharge the person, representative, corporation, officer, or body from any further liability with reference thereto, without the necessity of inquiring into the truth of any of the facts stated in the affidavit. However, the payment or transfer does not preclude administration when necessary to enforce payment of the decedent's debts, and the administrator may, upon proof determined to be sufficient, pay those debts directly and without administration.

This subdivision shall apply only to veterans who have become members of the home prior to January 1, 1984.

(c) For the purpose of application to this section of the provisions of the Probate Code governing distribution of property, the home shall be deemed to be a beneficiary of the decedent.

SEC. 13. Section 1035.3 of the Military and Veterans Code is amended to read:

1035.3. (a) If no will or heir is discovered within two years after the death of the veteran, any moneys not exceeding three thousand dollars (\$3,000) held by the home pursuant to Section 1035 and not paid or otherwise delivered to the heir or heirs or pursuant to the will of the deceased veteran, or otherwise disbursed by the administrator pursuant to Section 1035, shall be paid to the Morale, Welfare, and Recreation Fund.

If no will or heir is discovered within five years after the death of the veteran, any moneys exceeding three thousand dollars (\$3,000) held by the home pursuant to Section 1035 and not paid or otherwise delivered to the heir or heirs or pursuant to the will of the deceased veteran, or otherwise disbursed by the administrator pursuant to Section 1035, shall be paid to the Morale, Welfare, and Recreation Fund.

This subdivision applies only to veterans becoming members of the home on or after January 1, 1984.

(b) If no spouse, child, grandchild, or father or mother is discovered within two years after the death of the veteran, any moneys not exceeding three thousand dollars (\$3,000) held by the home pursuant to Section 1035 and not paid or otherwise delivered to the spouse, children, grandchildren, or father or mother, or otherwise disbursed by the administrator pursuant to Section 1035, shall be paid to the Morale, Welfare, and Recreation Fund.

If no spouse, child, grandchild, or father or mother is discovered within five years after the death of the veteran, any moneys exceeding three thousand dollars (\$3,000) held by the home pursuant to Section 1035 and not paid or otherwise delivered to the spouse, children,

grandchildren, or father or mother, or otherwise disbursed by the administrator pursuant to Section 1035, shall be paid to the Morale, Welfare, and Recreation Fund.

This subdivision applies only to veterans who have become members of the home prior to January 1, 1984.

SEC. 14. Section 1035.4 of the Military and Veterans Code is amended to read:

1035.4. (a) All personal property held or received by the home pursuant to Section 1035, other than moneys or property described in Section 1035.2, which is unclaimed by, or not otherwise delivered to, the heir or heirs or pursuant to the will of a deceased veteran within one year after death, may be sold by the administrator by public auction or private sale. The sale shall take place at a public place in the home, and notice of the sale shall be posted in that place at least 10 days previous to the date of the sale. The proceeds of the sale shall be credited to the Morale, Welfare, and Recreation Fund.

This subdivision applies only to veterans becoming members of the home on or after January 1, 1984.

(b) All personal property held or received by the home pursuant to Section 1035, other than moneys or property described in Section 1035.2, which is unclaimed by, or not otherwise delivered to, the spouse, children, grandchildren, or father or mother of a deceased veteran within one year after death, may be sold by the administrator by public auction or private sale. The sale shall take place at a public place in the home, and notice of the sale shall be posted in that place at least 10 days previous to the date of the sale. The proceeds of the sale shall be credited to the Morale, Welfare, and Recreation Fund.

This subdivision applies only to veterans who have become members of the home prior to January 1, 1984.

SEC. 15. Section 1038 of the Military and Veterans Code is amended to read:

1038. All money deposited with the home for a veteran shall be paid to him or her on demand, upon his or her discharge or voluntary departure from the home. If the money is not so demanded at the time of his or her discharge or departure or within a period of two years thereafter, if the amount does not exceed three thousand dollars (\$3,000), or within a period of five years thereafter, if the amount exceeds three thousand dollars (\$3,000) either by the veteran, or, in the event of the veteran's death after his or her discharge or departure, by the veteran's heirs, devisees, legatees, or qualified executor or administrator of his or her estate, the money shall be paid to the Morale, Welfare, and Recreation Fund.

SEC. 16. Section 1039.3 of the Military and Veterans Code is amended to read:



1039.3. The administrator, subject to the approval of the secretary, may accept cash donations or other gifts to be used for the welfare of the veterans. Cash shall be paid into trust funds as the administrator may establish, and shall be expended for promoting the welfare of the veterans and for the purpose designated by the donor.

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CHAPTER 466

An act to add Sections 1035.6 and 1035.7 to the Military and Veterans Code, relating to veterans.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 11, 2002.]

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

SECTION 1. Section 1035.6 is added to the Military and Veterans Code, to read:

1035.6. (a) The administrator shall provide each member of the home with a quarterly statement or accounting of all charges for the cost of care rendered to the member in excess of the member fee, as defined in subdivision (b). The quarterly statement or accounting of charges shall clearly indicate that the charges for the excess costs of care are provided to the member for informational purposes only.

(b) "Cost of care in excess of the member fee" means all costs that are not covered by the member contribution fee, including, but not limited to, the unreimbursed cost of medical or dental services rendered to the member, either by the home or under contract with the home. The Department of Veterans Affairs shall promulgate regulations specifying the costs that are in excess of the member contribution fee and constitute the unreimbursed cost of care.

SEC. 2. Section 1035.7 is added to the Military and Veterans Code, to read:

1035.7. Upon admission to a California veterans home, the administrator of each home shall provide written notice to the veteran informing him or her of costs of care that may be incurred in excess of the member contribution fee. The notification shall:

(a) Include an explanation of circumstances under which the member may incur costs that are in excess of the contribution fee.

(b) Specifically indicate that these excess costs of care are costs in addition to, or above and beyond, the member contribution fee.

(c) Provide examples of "excess costs of care that are frequently incurred by veterans."



(d) Inform the member that he or she will receive a quarterly accounting statement of the total excess costs of care, but that the statement is provided for informational purposes only.

(e) Inform the veteran that, if he or she is a resident of the home at the time of death, the home may disburse his or her moneys or personal property for payment of unreimbursed excess costs of care.

(f) Include a statement advising the member to seek counsel from a legal expert to protect his or her assets.

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## CHAPTER 467

An act to amend Section 1 of Chapter 58 of the Statutes of 1997, relating to charter schools.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 11, 2002.]

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

SECTION 1. Section 1 of Chapter 58 of the Statutes of 1997, as amended by Chapter 19 of the Statutes of 2000, is amended to read:

Sec. 1. (a) A charter school operating under a charter approved before June 1, 1997, by the county board of education of a county of the first class to serve at-risk pupils, may operate until June 30, 2008. The continuation of the authority of a charter school to operate pursuant to this subdivision after June 30, 2003, shall be subject to the approval of that county board of education.

(b) Notwithstanding any other provisions of the Education Code, except as set forth in subdivision (c), for the 1999–2000 fiscal year and each fiscal year thereafter, up to and including the 2007–08 fiscal year, the attendance of pupils in a charter school to which this section applies shall be funded at the same rates for the same categories of pupils as community schools and community day schools in the same county.

(c) A charter school operated pursuant to subdivision (a) may, if its charter so provides, operate one or more community day schools in compliance with Article 3 (commencing with Section 48660) of Chapter 4 of Part 27 of the Education Code, except for compliance with the employment requirements in subdivision (a) of Section 48663 and subdivision (c) of Section 48664, and the funded average daily attendance limitations of paragraphs (1) and (2) of subdivision (a) of Section 48664, and be funded for not more than 2,000 units of average daily attendance in any fiscal year, to the extent that funding is appropriated therefor, pursuant to subdivision (a) of Section 48664 as if

it were a community day school operated by a county. The average daily attendance of a charter school operating pursuant to this section shall not be in addition to the average daily attendance limitation provided pursuant to subdivision (a) of Section 48664 of the Education Code.

(d) The Legislative Analyst shall include, in the Analysis of the 2007–08 Governor’s Budget, a report on the need to continue community day school funding rates for a charter school operated pursuant to subdivision (a).

(e) A county board of education that has approved a charter school as set forth in subdivision (a) shall establish specific accountability criteria to annually measure the performance of the charter school. The county board of education shall annually report the measurement to the State Department of Education, the Department of Finance, the Assembly Committee on Education, the Assembly Committee on Appropriations, the Senate Committee on Education, and the Senate Committee on Appropriations. The accountability criteria shall comply with the accountability system described by subdivision (h) of Section 52052 of the Education Code.

(f) If a charter school does not comply with the performance criteria described in subdivision (e), the charter school shall submit to the county board of education a plan for improvement that is designed to enable the charter school to comply with the criteria within a time determined by the county board of education.

SEC. 2. Due to the unique circumstances resulting from the intensely urbanized nature of the affected county, it is necessary to extend the authorization for charter schools as set forth in Section 1, and the Legislature finds and declares that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution.

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## CHAPTER 468

An act to amend Sections 8160.1, 8180, 8183, and 8191 of, and to add Sections 8182.5, 8193.1, 8193.2, and 8194 to, the Government Code, relating to redevelopment.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 11, 2002.]

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

SECTION 1. Section 8160.1 of the Government Code is amended to read:

8160.1. The following terms, used in this article, shall be given the following meanings:

(a) "Metropolitan area" means the greater metropolitan Sacramento area, including the City of Sacramento, the County of Sacramento, and the eastern part of Yolo County.

(b) "Central city" means that area of the City of Sacramento bounded on the north by the American River, on the west by the Sacramento River, and on the south and east by Interstate Highway 80.

(c) "Core area" means that area of the City of Sacramento within the area bounded by "G" Street on the north, "R" Street on the south, 5th Street on the west, and 17th Street on the east.

(d) "Capitol area" includes both of the following:

(1) The area of the City of Sacramento which is bounded on the north by "L" Street, on the south by "R" Street, excepting that portion lying between 11th and 12th Streets which southern boundary shall be the alley lying between "R" and "S" Streets, on the west by 5th Street, and on the east by 17th Street, and referring specifically to those blocks within those boundaries containing state-owned properties. The streets bounding the Capitol area are included therein, and this does not constitute a change in, but is declaratory of the existing law.

(2) The area of the City of Sacramento which is bounded on the north by "Q" Street, on the south by "S" Street, on the west by 17th Street, and on the east by the westerly edge of the current right-of-way for the rail lines running north and south between 19th and 20th Streets, and which is bounded on the north by "R" Street, excepting that portion lying between 11th and 12th Streets which northern boundary shall be the alley lying between "R" and "S" Streets, on the south by "S" Street, on the west by 10th Street, and on the east by 17th Street, inclusive, of the streets therein.

(e) "Department" means the Department of General Services.

(f) "Director" means the Director of General Services.

SEC. 2. The Legislature finds and declares that the portion of the project area commonly known as the "R Street Area" is physically and economically blighted by conditions which constitute physical and economic liabilities that require redevelopment in the interest of the health, safety, and general welfare of the people of the City of Sacramento and the State of California, including, but not limited to, all of the following:

(a) Buildings in which it is unsafe or unhealthy for persons to live or work.

(b) Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots.

(c) Adjacent or nearby uses that are incompatible with each other and that prevents the economic development of those parcels or other portions of the area.

(d) The existence of subdivided lots of inadequate size for proper usefulness and development and that are in multiple ownership.

(e) Depreciated or stagnant property and impaired investments, including, but not limited to, properties containing hazardous wastes.

(f) A lack of necessary commercial facilities that are normally found in neighborhoods.

(g) Inadequate and substandard public improvements that substantially hinder the existing uses of the area.

SEC. 2.5. Section 8180 of the Government Code is amended to read: 8180. The following terms, used in this article, shall have the following meanings:

(a) "Project area" includes both of the following:

(1) The area within the City of Sacramento which is bounded on the north by "L" Street, on the south by "R" Street, excepting that portion lying between 11th and 12th Streets which southern boundary shall be the alley lying between "R" and "S" Streets, on the west by 7th Street, and on the east by 17th Street, excepting any portion of that area which is within the boundaries of a redevelopment project area adopted prior to April 1, 1979, by the City of Sacramento pursuant to the Community Redevelopment Law.

The streets bounding the project area are included therein, and this does not constitute a change in, but is declaratory of the existing law.

Pursuant to an agreement between the authority and the City of Sacramento, the boundaries of the project area established by this section may be amended by a resolution adopted by the authority to include all or any portion of the blocks bounded on the west by 5th Street, on the north by "N" Street, on the east by 7th Street, and on the south by "P" Street, upon the effective date of an ordinance adopted by the City of Sacramento amending the boundaries of the city's redevelopment project area to detach all or any portion of those blocks from the city's redevelopment project area for the purpose of including that area within the project area established by this section. For the purposes of paragraph (1) of subdivision (b) of Section 8183, the assessed value of the property detached from the city's redevelopment project area and included within the project area established by this section shall be that portion of the assessed value of that property upon which taxes were allocated to the taxing agencies immediately prior to the effective date of the resolution and shall exclude that portion of the assessed value of that property upon which taxes were allocated to the city's redevelopment agency.

In the event that the project area is not amended as described in this section, the city's redevelopment agency may satisfy any replacement housing obligations that result from the development of any portion of the blocks bounded on the west by 5th Street, on the north by "N" Street, on the east by 7th Street, and on the south by "P" Street within that portion of the project area agreed to by the authority and the City of Sacramento.

(2) The area within the City of Sacramento which is bounded on the north by "Q" Street, on the south by "S" Street, on the west by 17th Street, and on the east by the westerly edge of the current right-of-way for the rail lines running north and south between 19th and 20th Streets, and which is bounded on the north by "R" Street, excepting that portion lying between 11th and 12th Streets which northern boundary shall be the alley lying between "R" and "S" Streets, on the south by "S" Street, on the west by 10th Street, and on the east by 17th Street, inclusive of the streets therein, which portion of the project area is commonly known as the "R Street Area."

(b) "Redevelopment plan" means the Capitol Area Plan approved by the Director of General Services on March 15, 1977, and referred to in Section 8160, and the plan prepared pursuant to Section 8182.5, together with documents adopted pursuant to Section 8183.

(c) "Authority" means the Capitol Area Development Authority created by the joint powers agreement executed pursuant to Section 8169.4 by the Director of General Services of the State of California and the Mayor of the City of Sacramento on July 1, 1978.

SEC. 3. Section 8182.5 is added to the Government Code, to read:

8182.5. The authority shall, in cooperation with the City of Sacramento, prepare an appropriate plan for the development and redevelopment of that portion of the project area set forth in paragraph (2) of subdivision (a) of Section 8180 (the R Street Area), that furthers the purposes and objectives set forth in the Capitol Area Plan. The plan shall be approved after published notice and at least one public hearing by the authority.

SEC. 4. Section 8183 of the Government Code is amended to read:

8183. (a) The authority may, by resolution, adopt documents necessary or convenient to the exercise of its powers and may designate that any document shall be incorporated into the redevelopment plan.

(b) Documents adopted pursuant to subdivision (a) may include a requirement that taxes, including possessory interest taxes, levied upon taxable property within the project area after the effective date of the resolution adopting the document or documents be divided as follows:

(1) The portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the

project area as shown upon the assessment roll used in connection with the taxation of the property by the taxing agency, last equalized prior to the effective date of the resolution, shall be allocated to, and when collected shall be paid into, the funds of the respective taxing agencies, as taxes by or for said taxing agencies on all other property are paid (for the purpose of allocating taxes levied by or for any taxing agency or agencies which did not include the territory in the project area on the effective date of the resolution but to which the territory has been annexed or otherwise included after the effective date, the assessment roll of the county last equalized on the effective date of said resolution shall be used in determining the assessed valuation of the taxable property in the project area on said effective dates).

(2) The portion of said levied taxes each year in excess of that amount shall be allocated to, and when collected shall be paid into, a special fund of the authority to pay the principal of and interest on loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed or otherwise) incurred by the authority to finance or refinance, in whole or in part, the redevelopment of the project area. Unless and until the total assessed valuation of the taxable property in the project exceeds the total assessed value of the taxable property in the project area as shown by the last equalized assessment roll referred to in paragraph (1), all of the taxes levied and collected upon the taxable property in the project area shall be paid into the funds of the respective taxing agencies. When these loans, advances, and indebtedness, if any, and interest thereon have been paid, then all moneys thereafter received from taxes upon the taxable property in the project area shall be paid into the funds of the respective taxing agencies as taxes on all other property are paid.

(3) For the purpose of allocating taxes pursuant to the document prepared pursuant to this section, the base year shall remain fiscal year 1979–80. Commencing with the fiscal year 1982–83, the 1979–80 base year roll shall be adjusted to reflect the revised project area as set forth in subdivision (a) of Section 8180.

(4) For the purposes of the document prepared pursuant to this section for the portion of the project area set forth in paragraph (2) of subdivision (a) of Section 8180 (the R Street Area), the base year shall be the 2001–02 fiscal year. Commencing with the 2002–03 fiscal year, the 2001–02 base year roll shall be adjusted to reflect the project area set forth in paragraph (2) of subdivision (a) of Section 8180.

(5) The authority shall separately account for the receipt and expenditures of the allocation of taxes and rents from state-owned and leased property derived from that portion of the project area described in paragraph (2) of subdivision (a) of Section 8180 (the R Street Area).

(6) The authority may not expend or otherwise use the allocation of taxes and rents from state-owned and leased property received from any

other portion of the project area outside of that portion of the project area described in paragraph (2) of subdivision (a) of Section 8180 (the R Street Area), within the R Street Area unless otherwise approved in writing between the authority and the Director of General Services.

(c) In the proceedings for the advance of moneys, or making of loans, or the incurring of any indebtedness (whether funded, refunded, assumed or otherwise) by the authority to finance or refinance, in whole or in part, the redevelopment project, the portion of taxes mentioned in paragraph (2) of subdivision (b) may be irrevocably pledged for the payment of the principal of and interest on said loans, advances, or indebtedness.

(d) Any documents designated to be incorporated into the redevelopment plan may be adopted at any regular or special meeting of the authority. Notice of the authority's intent to adopt the document shall be stated in the agenda prepared in connection with the meeting at which the document is adopted, which agenda shall be made available to the public in the manner specified in Section 54956. No other notice shall be required in connection with the adoption of these documents.

SEC. 5. Section 8191 of the Government Code is amended to read:

8191. (a) Except with respect to taxes allocated to the authority pursuant to subdivision (b) of Section 8183 which are used by the authority to make payments with respect to the installation of street lights and sidewalks within the project area, not less than 20 percent of those taxes shall be used by the authority for the purpose of increasing and improving, within the jurisdiction of the authority, the supply of housing for persons of low income as defined in Section 50093 of the Health and Safety Code and for persons and families of moderate income as defined in Section 50093 of the Health and Safety Code.

(b) (1) With respect to taxes allocated to the authority pursuant to subdivision (b) of Section 8183 from that portion of the project area described in paragraph (2) of subdivision (a) of Section 8180 (the R Street Area), not less than 20 percent of those taxes from the R Street Area shall be used by the authority for the purpose of increasing and improving, within the jurisdiction of the authority within the R Street Area, the supply of housing for persons of low income, as defined in Section 50093 of the Health and Safety Code, and for persons and families of moderate income, as defined in Section 50093 of the Health and Safety Code.

(2) Over the duration of the portion of the project area described in paragraph (2) of subdivision (a) of Section 8180 (the R Street Area), the authority shall expend the funds set aside pursuant to this subdivision in proportion to the need for housing for very low income households, persons of low income, and persons and families of moderate income, as determined for the City of Sacramento pursuant to Section 65584 of



the Government Code. In no event, however, shall less than 33 percent of these funds be expended to assist housing for very low income households nor less than 33 percent be expended to assist housing for persons of low income. The term "very low income households" shall have the meaning set forth in Section 50093 of the Health and Safety Code.

(3) Newly constructed rental housing financed in whole or in part with the funds set aside pursuant to this subdivision shall remain affordable to, and occupied by, very low income households, persons of low income, and persons and families of moderate income for not less than 55 years.

SEC. 6. Section 8193.1 is added to the Government Code, to read:

8193.1. (a) Whenever dwelling units located within that portion of the project area described in paragraph (2) of subdivision (a) of Section 8180 (the R Street Area) and housing of persons and families of low or moderate income are destroyed or removed from the low- and moderate-income housing market as part of a redevelopment project that is subject to a written agreement with the authority or where financial assistance has been provided by the authority, the authority shall, within four years of the destruction or removal, rehabilitate, develop, or construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to persons and families of low or moderate income, an equal number of replacement dwelling units that have an equal or greater number of bedrooms as those destroyed or removed units at affordable housing costs within the R Street Area. One hundred percent of the replacement dwelling units shall be available at affordable housing cost to persons in the same or a lower income category (low, very low, or moderate) as the persons displaced from those destroyed or removed units.

(b) (1) Prior to the time limit on the authority's activities established pursuant to Section 8194, at least 30 percent of all new and substantially rehabilitated dwelling units developed by the authority within the R Street Area shall be available at affordable housing cost to persons and families of low or moderate income and shall be occupied by those persons and families. Not less than 50 percent of the dwelling units required to be available at affordable housing cost to persons and families of low or moderate income shall be available at affordable housing cost to, and occupied by, very low income households.

(2) (A) (i) Prior to the time limit on the authority's activities established pursuant to Section 8194, at least 15 percent of all new and substantially rehabilitated dwelling units developed within the R Street Area by public or private entities or persons other than the authority shall be available at affordable housing cost to persons and families of low or moderate income and shall be occupied by those persons and families.



Not less than 40 percent of the dwelling units required to be available at affordable housing cost to persons and families of low or moderate income shall be available at affordable housing cost to very low income households and shall be occupied by those persons and families.

(ii) To satisfy this paragraph, in whole or in part, the authority may cause, by regulation or agreement, to be available, at affordable housing costs, to persons and families of low or moderate income or to very low income households, as applicable, two units outside the R Street Area for each unit that otherwise would have been required to be available inside the R Street Area.

(iii) As used in this subdivision, “substantially rehabilitated dwelling units” means substantially rehabilitated, with authority assistance, multifamily rented dwelling units with three or more units, or substantially rehabilitated, with authority assistance, single-family dwelling units with one or two units.

(iv) As used in this subdivision, “substantial rehabilitation” means rehabilitation, the value of which constitutes 25 percent of the after-rehabilitation value of the dwelling, inclusive of the land value.

(B) To satisfy the requirements of this subdivision, the authority may purchase, or otherwise acquire or cause by regulation or agreement the purchase or other acquisition of, long-term affordability covenants on multifamily units that restrict the cost of renting or purchasing those units that meet either of the following criteria:

(i) The units are not presently available at affordable housing cost to persons and families of low or very low income.

(ii) The units are presently available at affordable housing cost to these persons and families of low or very low income, but are units that the authority finds, based upon substantial evidence, after a public hearing, cannot reasonably be expected to remain affordable to this same group of persons or families.

(3) To satisfy the requirements of this subdivision, newly constructed rental dwelling units shall remain affordable to, and occupied by, persons and families of low or moderate income for not less than 55 years.

SEC. 7. Section 8193.2 is added to the Government Code, to read:

8193.2. The requirements of Section 8193.1 shall apply solely to the portion of the project area described in paragraph (2) of subdivision (a) of Section 8180 (the R Street Area). The requirements of Section 8193 shall apply solely to the balance of the project area, exclusive of the R Street Area.

SEC. 8. Section 8194 is added to the Government Code, to read:

8194. The authority shall establish the following time limits for that portion of the project area described in paragraph (2) of subdivision (a) of Section 8180 (the R Street Area):

(a) A time limit on establishing or incurring loans, advances, and indebtedness to be paid for with proceeds of property taxes received pursuant to Section 8183, which limit may not exceed December 31, 2022. However, this limit may be extended by the authority for 10 additional years if the authority finds, based upon substantial evidence, both of the following:

(1) Significant blight remains within the R Street Area.

(2) This blight cannot be eliminated without the establishment of additional debt.

This limit shall not prevent the authority from incurring debt, to be paid from that portion of the set-aside collected pursuant to Section 8191 from properties within the R Street Area, in order to either fulfill the authority's obligations pursuant to Section 8193.1, or to refinance, refund, or restructure an indebtedness after the time limits if the indebtedness is not increased and the time during which the indebtedness is to be repaid does not exceed the date on which the indebtedness would have been paid. The loans, advances, or indebtedness may be repaid over a period of time longer than these time limits.

(b) A time limit on authority activities within the R Street Area, which limit may not exceed December 31, 2032. However, the authority may pay previously incurred indebtedness and enforce existing covenants, contracts, and other obligations. This time limit shall not prevent the authority from fulfilling the authority's obligations pursuant to Section 8193.1.

(c) A time limit on receipt of property taxes pursuant to Section 8183 from properties within the R Street Area, which limit may not exceed December 31, 2047. However, this limit shall not be construed to affect the validity or payment of any bond, loans, advances, indebtedness or other obligation, or the right to receive taxes pursuant to Section 8183 to pay the loans, advances, indebtedness or other obligation to repay bonds, loans, advances, and indebtedness within those 45 years.

(d) A time limit on the commencement of eminent domain proceedings to acquire property within the R Street Area, which limit may not exceed December 31, 2014, unless expressly extended by formal action of the authority. However, in no case shall the limit be extended beyond the time limit set in subdivision (b).

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## CHAPTER 469

An act to amend Section 179 of the Military and Veterans Code, relating to veterans, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 11, 2002. Filed with Secretary of State September 11, 2002.]

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

SECTION 1. Section 179 of the Military and Veterans Code is amended to read:

179. (a) The Adjutant General shall establish a California State Military Museum and Resource Center as a repository for military artifacts, memorabilia, equipment, documents, and other items relating to the history of the California National Guard, in accordance with applicable regulations of the United States Army governing Army museum activities. The museum shall consist of the facility described in the Proclamation of the Governor dated May 11, 1994, and any branches as may currently exist or may from time-to-time be created throughout the state. Each facility shall be deemed to be an armory within the meaning of Section 430.

(b) The Adjutant General shall enter into an operating agreement with the California Military Museum Foundation, formerly known as the California National Guard Historical Society, an existing California nonprofit public benefit corporation, that is tax exempt under Section 501(c)(3) of the Internal Revenue Code. Under the operating agreement with the Adjutant General, the foundation shall operate the museum in coordination with the California Center for Military History of the California State Military Reserve. The foundation shall develop, administer, interpret, and manage museum historical programs and related public services, and acquire and manage funding for museum programs and services.

(c) Volunteers, docents, members of the State Military Reserve, or others working with or for the California Military Museum Foundation for purposes consistent with the mission of the organization, shall be considered volunteers under Sections 3118 and 3119 of the Government Code and Section 3363.5 of the Labor Code.

(d) The Board of Trustees of the California Military Museum Foundation shall include the Adjutant General, or the Assistant Adjutant General, or any Deputy Adjutant General designated by the Adjutant General, as an ex officio voting member of the board. The board of trustees of the foundation shall be the governing authority for operations funded through moneys received by the foundation. The board of

trustees of the foundation shall submit an audit report annually to the Adjutant General. The board of trustees of the foundation shall submit copies of annual audit reports to the Director of the Department of Finance, the Chair of the Joint Legislative Audit Committee, and the Chair of the Joint Legislative Budget Committee. No funds raised or assets acquired by the foundation shall be used for purposes inconsistent with support of the museum.

(e) The Board of Trustees of the California Military Museum Foundation shall, no later than January 10 of each year, submit a business plan for the following fiscal year to the Adjutant General, the Director of the Department of Finance, and the Chair of the Joint Legislative Budget Committee for review and comment. The board of trustees shall also submit, not less than 30 days prior to adoption, any proposed formal amendments to the business plan to the Adjutant General, the Director of the Department of Finance, and the Chair of the Joint Legislative Budget Committee for review and comment.

(f) The Adjutant General or the California State Military Museum may solicit, receive, and administer donations of funds or property for the support and improvement of the museum. Any grants or donations received may be expended or used for museum purposes. Property of historical military significance, not including real property, that is owned by the state and is determined by the Adjutant General to be in excess of the needs of the Military Department, shall be transferred to the museum. Property determined by the California State Military Museum to be in excess of the needs of the museum may be sold, donated, exchanged, or otherwise disposed of, at its discretion, in a manner appropriate to the historical and intrinsic value of the property, and the benefits from the disposition shall inure to the museum.

(g) The Adjutant General or the California State Military Museum may solicit and receive firearms and other weaponry confiscated by or otherwise in the possession of law enforcement officers as donations to the museum if he or she deems them to be of historical or military interest.

(h) The Adjutant General shall, in cooperation with the California State Military Museum, conduct a study of the future needs of the National Guard to preserve, display, and interpret artifacts, documents, photographs, films, literature, and other items relating to the history of the military in California.

SEC. 2. There is hereby appropriated the sum of one hundred thousand dollars (\$100,000) for each fiscal year from the General Fund to the California State Military Museum for the establishment and operation of the museum and resource center specified in Section 179 of the Military and Veterans Code.

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 that the California State Military Museum may commence operation at the earliest possible time, it is necessary that this act take effect immediately.

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CHAPTER 470

An act to add Section 66535 to the Government Code, relating to transportation.

[Approved by Governor September 11, 2002. Filed with Secretary of State September 11, 2002.]

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

SECTION 1. Section 66535 is added to the Government Code, to read:

66535. (a) Not later than July 1, 2003, the commission shall establish performance measurement criteria on both a project and corridor level to evaluate all new transportation projects and programs (investments) that have not yet been identified as "Track One Investments" in the 2002 regional transportation plan. These performance measures shall apply to proposed projects, and the impact those projects will have on their respective corridors. The commission shall utilize these performance measurements to evaluate and prioritize alternative transportation investments in order to meet the goals and objectives for each corridor for inclusion in the 2004 regional transportation plan.

(b) The commission shall adopt goals and measurable objectives for planning corridors and subcorridors delineated by the commission. These goals and objectives shall be compatible and consistent with the requirements of the performance measurement criteria established by the commission pursuant to subdivision (a) for inclusion in the 2004 regional transportation plan.

(c) Any costs associated with this section incurred by the commission shall be paid solely from funds provided pursuant to Section 99233.2 of the Public Utilities Code. If there is insufficient funding from this source, the commission is not required to perform the functions described in this section.

SEC. 2. Pursuant to Section 17579 of the Government Code, the Legislature finds that there is no mandate contained in this act that will result in costs incurred by a local agency or school district for a new program or higher level of service which require reimbursement pursuant to Section 6 of Article XIII B of the California Constitution and Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

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## CHAPTER 471

An act to amend Sections 44346, 44425, and 44940 of, and to add Section 44242.6 to, the Education Code, relating to teacher credentialing, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 11, 2002.]

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

SECTION 1. Section 44346 of the Education Code is amended to read:

44346. (a) The commission shall deny any application for the issuance of a credential or for the renewal of a credential made by any applicant who comes within any of the following classes:

(1) Has been determined to be a sexual psychopath under the provisions of Article 1 (commencing with Section 6300) of Chapter 2 of Part 2 of Division 6 of the Welfare and Institutions Code or under similar provisions of law of any other state.

(2) Has been convicted of any sex offense, as defined in Section 44010.

(3) Has been convicted of a controlled substance offense, as defined in Section 44011.

(4) Has been found to be insane through a criminal proceeding by a federal court or a court in this or any other state.

(b) (1) Notwithstanding paragraphs (2) and (3) of subdivision (a), no person shall be denied a credential solely on the basis that he or she has been convicted of a crime specified in paragraphs (2) and (3) of subdivision (a) if the person has obtained a certificate of rehabilitation and pardon pursuant to Chapter 3.5 (commencing with Section 4852.01) of Title 6 of Part 3 of the Penal Code, and if his or her probation has been terminated and the information or accusation has been dismissed pursuant to Section 1203.4 of the Penal Code.

(2) Notwithstanding any other law, the commission shall deny the application of any applicant who is required to register as a sex offender pursuant to either of the following:

(A) Section 290 of the Penal Code.

(B) A law of any other state or of the United States when the underlying offense, if committed or attempted in this state, would require registration as a sex offender under Section 290 of the Penal Code.

(c) Notwithstanding paragraph (3) of subdivision (a) or subdivision (b), the commission may issue a credential to a person convicted of a controlled substance offense as defined in Section 44011 if the commission determines from the evidence presented that the person has been rehabilitated for at least five years, or has received a certificate of rehabilitation and pardon pursuant to Chapter 3.5 (commencing with Section 4852.01) of Title 6 of Part 3 of the Penal Code, or if the accusation or information against the person has been dismissed and he or she has been released from all disabilities and penalties resulting from the offense pursuant to Section 1203.4 of the Penal Code.

(d) Notwithstanding paragraph (4) of subdivision (a), the commission may issue a credential to a person found to be insane through a criminal proceeding by a federal court or a court in this or any other state if the commission determines from the evidence presented that the person has been rehabilitated for at least five years.

SEC. 2. Section 44425 of the Education Code is amended to read:

44425. (a) Whenever the holder of any credential issued by the State Board of Education or the Commission on Teacher Credentialing has been convicted of any sex offense, as defined in Section 44010, or controlled substance offense, as defined in Section 44011, the commission shall forthwith suspend the credential. If the conviction is reversed and the holder is acquitted of the offense in a new trial or the charges against him or her are dismissed, the commission shall forthwith terminate the suspension of the credential. When the conviction becomes final or when imposition of sentence is suspended, the commission shall forthwith revoke the credential.

(b) Notwithstanding any other law, revocation shall be final without possibility of reinstatement of the credential if the conviction is for a felony sex offense, as defined in Section 44010, or a felony controlled substance offense, as defined in Section 44011, in which an element of the controlled substance offense is either the distribution to, or use of a controlled substance by, a minor.

(c) Upon a plea of nolo contendere to any sex offense specified in Section 44010, which plea does not constitute a conviction pursuant to Section 1016 of the Penal Code, all credentials held by the respondent shall be suspended until a final disposition regarding those credentials



is made by the commission. Any action that the commission is permitted to take following a conviction may be taken after 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 and the time for appeal has elapsed or the judgment of conviction has been affirmed on appeal, irrespective of a subsequent order under Section 1203.4 of the Penal Code.

(d) (1) Notwithstanding any other provision of law, the commission shall immediately suspend the credential of any holder who is required to register as a sex offender pursuant to either of the following:

(A) Section 290 of the Penal Code.

(B) A law of any other state or of the United States when the underlying offense, if committed in this state, would require registration as a sex offender pursuant to Section 290 of the Penal Code.

(2) If the conviction requiring registration as a sex offender is reversed on appeal and the holder is acquitted at a new trial or if the charges against the holder are dismissed as a result of the reversal, upon notice, the commission shall immediately reinstate the credential.

(3) The commission shall immediately revoke a credential based on a conviction requiring registration as a sex offender when the time for appeal has elapsed, the judgment of conviction has been affirmed on appeal, or an order granting probation is made suspending the imposition of sentence and the time for appeal has elapsed.

SEC. 3. Section 44940 of the Education Code is amended to read:

44940. (a) For purposes of this section, “charged with a mandatory leave of absence offense” is defined to mean charged by complaint, information, or indictment filed in a court of competent jurisdiction with the commission of any sex offense as defined in Section 44010, or with the commission of any offense involving aiding or abetting the unlawful sale, use, or exchange to minors of controlled substances listed in Schedule I, II, or III, as contained in Section 11054, 11055, and 11056 of the Health and Safety Code, with the exception of marijuana, mescaline, peyote, or tetrahydrocannabinols.

(b) For purposes of this section, “charged with an optional leave of absence offense” is defined to mean a charge by complaint, information, or indictment filed in a court of competent jurisdiction with the commission of any controlled substance offense as defined in Section 44011 or 87011, or a violation or attempted violation of Section 187 of the Penal Code, or Sections 11357 to 11361, inclusive, Section 11363, 11364, or 11370.1 of the Health and Safety Code, insofar as these sections relate to any controlled substances except marijuana, mescaline, peyote, or tetrahydrocannabinols.

(c) For purposes of this section and Section 44940.5, the term “school district” includes county offices of education.



(d) (1) Whenever any certificated employee of a school district is charged with a mandatory leave of absence offense, as defined in subdivision (a), upon being informed that a charge has been filed, the governing board of the school district shall immediately place the employee on compulsory leave of absence. The duration of the leave of absence shall be until a time not more than 10 days after the date of entry of the judgment in the proceedings. No later than 10 days after receipt of the complaint, information, or indictment described by subdivision (a), the school district shall forward a copy to the Commission on Teacher Credentialing.

(2) Upon receiving a copy of a complaint, information, or indictment described in subdivision (a) and forwarded by a school district, the Commission on Teacher Credentialing shall automatically suspend the employee's teaching or service credential. The duration of the suspension shall be until a time not more than 10 days after the date of entry of the judgment in the proceedings.

(e) (1) Whenever any certificated employee of a school district is charged with an optional leave of absence offense as defined in subdivision (b), the governing board of the school district may immediately place the employee upon compulsory leave in accordance with the procedure in this section and Section 44940.5. If any certificated employee is charged with an offense deemed to fall into both the mandatory and the optional leave of absence categories, as defined in subdivisions (a) and (b), that offense shall be treated as a mandatory leave of absence offense for purposes of this section. No later than 10 days after receipt of the complaint, information, or indictment described by subdivision (a), the school district shall forward a copy to the Commission on Teacher Credentialing.

(2) Upon receiving a copy of a complaint, information, or indictment described in subdivision (a) and forwarded by a school district, the Commission on Teacher Credentialing shall automatically suspend the employee's teaching or service credential. The duration of the suspension shall be until a time not more than 10 days after the date of entry of the judgment in the proceedings.

SEC. 4. Notwithstanding Section 17610 of the Government Code, 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. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

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 protect pupils in California schools from registered sex offenders as soon as possible, it is necessary that this act take effect immediately.

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CHAPTER 472

An act to amend Section 14527 of the Government Code, relating to transportation.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 11, 2002.]

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

SECTION 1. Section 14527 of the Government Code is amended to read:

14527. (a) After consulting with the department, the regional transportation planning agencies and county transportation commissions shall adopt and submit to the commission and the department, not later than December 15, 2001, and December 15 of each odd-numbered year thereafter, a five-year regional transportation improvement program in conformance with Section 65082. In counties where a county transportation commission or authority has been created pursuant to Chapter 2 (commencing with Section 130050) of Division 12 of the Public Utilities Code, the commission or the authority shall adopt and submit the county transportation improvement program, in conformance with Sections 130303 and 130304 of that code, to the multicounty designated transportation planning agency. Other information, including a program for expenditure of local or federal funds, may be submitted for information purposes with the program, but only at the discretion of the transportation planning agencies or the county transportation commissions.

(b) The regional transportation improvement program shall include all projects to be funded with regional improvement funds under paragraph (2) of subdivision (a) of Section 164 of the Streets and Highways Code. The regional programs shall be limited to projects to be funded in whole or in part with regional improvement funds that shall include all projects to receive allocations by the commission during the following five fiscal years. For each project, the total expenditure for each project component and the total amount of commission allocation and the year of allocation shall be stated. The total cost of projects to be

funded with regional improvement funds shall not exceed the amount specified in the fund estimate made by the commission pursuant to Section 14525.

(c) The regional transportation planning agencies and county transportation commissions may recommend projects to improve state highways with interregional improvement funds pursuant to subdivision (b) of Section 164 of the Streets and Highways Code. The recommendations shall be separate and distinct from the regional transportation program. A project recommended for funding pursuant to this subdivision shall constitute a usable segment and shall not be a condition for inclusion of other projects in the regional transportation improvement program.

(d) The department may nominate or recommend the inclusion of projects in the regional transportation improvement program to improve state highways with regional transportation improvement funds pursuant to paragraph (2) of subdivision (a) and subdivision (e) of Section 164 of the Streets and Highways Code. A regional transportation planning agency and a county transportation commission shall have sole authority for determining whether any of the project nominations or recommendations are accepted and included in the regional transportation improvement program adopted and submitted pursuant to this section. This authority provided to a regional transportation planning agency or to a county transportation commission extends only to a project located within its jurisdiction.

(e) Major projects shall include current costs updated as of November 1 of the year of submittal and escalated to the appropriate year, and shall be consistent with, and provide the information required in, subdivision (b) of Section 14529.

(f) The regional transportation improvement program may not change the project delivery milestone date of any project as shown in the prior adopted state transportation improvement program without the consent of the department or other agency responsible for the project's delivery.

(g) Projects may not be included in the regional transportation improvement program without a complete project study report or, for a project that is not on a state highway, a project study report equivalent or major investment study.

(h) The transportation planning agencies and county transportation commissions may request and receive an amount not to exceed 1 percent of their regional improvement fund expenditures for the purposes of project planning, programming, and monitoring. A transportation planning agency or county transportation commission not receiving federal metropolitan planning funds may request and receive an amount

not to exceed 5 percent of its regional improvement fund expenditures for the purposes of project planning, programming, and monitoring.

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CHAPTER 473

An act to amend Sections 987.65 and 987.87 of the Military and Veterans Code, relating to veterans.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 11, 2002.]

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

SECTION 1. Section 987.65 of the Military and Veterans Code is amended to read:

987.65. (a) The purchase price of a home to the department, or the sum to be expended by the department pursuant to a contract for the construction of a dwelling house and other improvements, or the purchase price of a mobilehome sited on a lot owned by the purchaser and installed on a foundation system pursuant to Section 18551 of the Health and Safety Code, or the purchase price of a mobilehome converted to a fixture and improvement to the underlying real property in a mobilehome park that has been converted to a resident-owned subdivision, cooperative, condominium, or nonprofit corporation as set forth in Section 18555 of the Health and Safety Code, shall not exceed the then current maximum Fannie Mae loan limit for a single-family home that is annually set by Fannie Mae.

(b) The purchase price of a mobilehome that is to be sited in a mobilehome park, as defined in Section 18214 of the Health and Safety Code, in addition to any assistance provided by the department to a veteran pursuant to subdivision (e) of Section 987.85, shall not exceed seventy thousand dollars (\$70,000).

(c) A veteran purchasing the home may advance, subject to Section 987.64, the difference between the total price or cost of the home and the sum of the purchase price of the home to the department and any amount the department adds, under Section 987.69, to the purchase price of the home in fixing the selling price to the veteran. Any amount of the purchase price to the department may be provided by funds from participation contracts or revenue bonds.

(d) The purchase price of a farm to the department shall not exceed three hundred thousand dollars (\$300,000). A veteran purchasing the farm may advance the difference between the total price of the farm, or the cost of the dwelling and improvements to be constructed on a farm

under a contract, and the sum of the purchase price to the department or contract price to the department and any amount that the department adds, under Section 987.69, to the purchase or contract price to the department in fixing the selling price of the farm to the veteran.

SEC. 2. Section 987.87 of the Military and Veterans Code is amended to read:

987.87. (a) The department shall establish the actual interest rate to be paid. To this end, the department, within 60 days of receipt of the survey of the financial condition of the Division of Farm and Home Purchases required at the close of each fiscal year conducted by an independent public accounting firm of recognized standing as provided under various veterans bond acts, shall report to the California Veterans Board and the Veterans' Finance Committee of 1943, regarding the recommended uniform rate of interest payable upon the amount remaining unpaid under any veteran's purchase contract executed on or after September 26, 1974. The department shall make its finding as to the rate of interest to be charged, determined by a floating rate based upon the actual cost of general obligation bond and revenue bond sales, plus a certain percent for administrative costs, taking into consideration the current value of money, the solvency of the Veterans' Farm and Home Building Fund of 1943, and the interest paid on any participation contracts to which the interest of the department may be subject. Upon approval by the board and the committee, the department may raise or lower the effective rate of interest payable under these contracts annually as it deems to be for the best interests of the department, as well as the contractholders, if in so doing this action is made applicable alike to any and all of these contracts. The interest rate shall not be raised so that the effective date of a higher rate of interest occurs more than once in any calendar year, unless the board and committee, by a two-thirds vote of the members of each, make a finding that an additional increase in the interest rate is necessary to enable the department to maintain the financial solvency of the fund or to meet its obligations to bondholders or purchasers. At least 90 days' advance written notice to the contractholders shall be given before any increase in the interest rate becomes effective.

(b) The total amount of any installment payment shall be raised or lowered to reflect any change in the effective rate of interest. The department may, however, adjust or postpone any installment payment for good cause pursuant to Section 987.71 and, for these purposes, good cause shall include a consideration of whether an increased installment payment would be excessively burdensome in light of a purchaser's financial circumstances. The department shall include notice of this provision in the 90 days' advance notice required under subdivision (a).

(c) Notwithstanding subdivision (a) and Section 987.875, the department may establish separate rates of interest payable on the amounts remaining unpaid under veterans' purchase contracts for any and all contractholders who are called to active duty in the military service of the United States, and who qualify for relief under the provisions of the federal Soldier's and Sailor's Civil Relief Act of 1940, as amended. The rates need not be uniform for all who qualify, but shall not be greater than the rate provided for in that act. Rates shall be established at the discretion of the department, and may apply to any contract from the date of entry into active duty to, and including, 90 days after the date of release from active duty.

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## CHAPTER 474

An act to amend Sections 15372.87, 15372.100, 15372.102, and 15372.103 of the Government Code, relating to tourism.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 11, 2002.]

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

SECTION 1. Section 15372.87 of the Government Code is amended to read:

15372.87. (a) Except as otherwise specified in Section 15372.111, the commission may be terminated by referendum of the assessed businesses pursuant to Section 15372.100 or at any time by a referendum called by 10 percent of the assessed businesses, calculated by weighted percentages.

(b) Notice of the termination shall be mailed to all assessed businesses.

(c) Upon termination, the commission shall continue its existence as a nonprofit corporation for purposes of winding up its affairs and dissolution.

(d) Upon termination of the commission established pursuant to this chapter, the California Tourism Commission authorized pursuant to Section 15364.52 shall advise the office, and conduct all other tasks authorized by the California Tourism Policy Act.

SEC. 2. Section 15372.100 of the Government Code is amended to read:

15372.100. (a) As used in this article and Article 7 (commencing with Section 15372.105) "assessment level" means the estimated gross dollar amount received by assessment from all assessed businesses on

an annual basis, and “assessment formula” means the allocation method used within each industry segment (for example, percentage of gross revenue).

(b) Commencing on January 1, 2003, a referendum shall be called every two years, and the commission, by adopted resolution, shall determine the slate of individuals who will run for commissioner. The resolution shall also cover, but not be limited to, the proposed assessment level, based upon specified assessment formulae, together with necessary information to enable each assessed business to determine what its individual assessment would be. Commencing with the referendum held in 2007 and every six years thereafter, the resolution shall also cover the termination or continuation of the commission. The resolution may also include an amended industry segment allocation formula and the percentage allocation of assessments between industry categories and segments. The commission may specify in the resolution that a special, lower assessment rate that was set pursuant to subdivision (c) of Section 15372.66 for a particular business will no longer apply due to changes in the unique circumstance that originally justified the lower rate. The resolution may include up to three possible assessment levels, from which the assessed businesses will select one assessment level by plurality weighted vote.

(c) The commission shall deliver to the secretary the resolution described in subdivision (b). The secretary shall call a referendum containing the information required by subdivision (b) plus any additional matters complying with the procedures of subdivision (b) of Section 15372.102.

(d) When the secretary calls a referendum, all assessed businesses shall be sent a ballot for the referendum. Every ballot that the secretary receives by the ballot deadline shall be counted, utilizing the weighted formula adopted initially by the selection committee, and subsequently amended by referendum.

(e) If the referendum includes more than one possible assessment rate, the rate with the plurality of weighted votes shall be adopted.

SEC. 3. Section 15372.102 of the Government Code is amended to read:

15372.102. (a) Assessed businesses may place on a referendum pursuant to Section 15372.100 additional candidates for commissioner, a different assessment level, or both.

(b) A minimum of 20 percent of the assessed businesses (calculated by weighted percentages) must signify their agreement to add different assessment levels to the items included in the referendum.

(c) A minimum of 10 percent of the assessed businesses (calculated by weighted percentages) must signify their agreement to add candidates for commissioner to the items included in the referendum.



SEC. 4. Section 15372.103 of the Government Code is amended to read:

15372.103. (a) Upon receipt of the resolution required by Section 15372.100, including any assessed business referendum request pursuant to subdivision (a) of Section 15372.87 or Section 15372.102, the secretary shall establish a referendum period not to exceed 60 days. If the secretary determines that the referendum period so established does not provide sufficient time for the balloting, the secretary may extend the referendum period not more than 15 additional days. At the close of the referendum period, the secretary shall count and tabulate the ballots filed during the referendum period.

(b) The secretary shall establish a deadline for adoption of the resolution described in subdivision (a). If the commission fails to meet this deadline, or if the adopted resolution fails to meet the requirements of this chapter, then assessed businesses may present a slate of candidates to the secretary not later than 60 days following the deadline established for the commission resolution. A minimum of 10 percent of weighted voters shall sign the document presenting the slate.

(c) In the event that the secretary does not receive a resolution required by Section 15372.100 from the commission by the deadline established pursuant to subdivision (b) or the resolution does not comply with the requirements of this chapter and the assessed businesses fail to present a slate pursuant to subdivision (b), then the secretary shall select a slate of commissioners and this slate, added to any assessed business referendum requests pursuant to subdivision (a) of Section 15372.87 or Section 15372.102, shall constitute the items included in the referendum.

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## CHAPTER 475

An act to amend Section 21212 of the Vehicle Code, relating to vehicles.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 11, 2002.]

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

SECTION 1. Section 21212 of the Vehicle Code is amended to read:  
21212. (a) A person under 18 years of age shall not operate a bicycle, a nonmotorized scooter, or a skateboard, nor shall they wear in-line or roller skates, nor ride upon a bicycle, a nonmotorized scooter, or a skateboard as a passenger, upon a street, bikeway, as defined in



Section 890.4 of the Streets and Highways Code, or any other public bicycle path or trail unless that person is wearing a properly fitted and fastened bicycle helmet that meets the standards of either the American Society for Testing and Materials (ASTM) or the United States Consumer Product Safety Commission (CPSC), or standards subsequently established by those entities. This requirement also applies to a person who rides upon a bicycle while in a restraining seat that is attached to the bicycle or in a trailer towed by the bicycle.

(b) Any helmet sold or offered for sale for use by operators and passengers of bicycles, nonmotorized scooters, skateboards, or in-line or roller skates shall be conspicuously labeled in accordance with the standard described in subdivision (a) which shall constitute the manufacturer's certification that the helmet conforms to the applicable safety standards.

(c) No person shall sell, or offer for sale, for use by an operator or passenger of a bicycle, nonmotorized scooter, skateboard, or in-line or roller skates any safety helmet which is not of a type meeting requirements established by this section.

(d) Any charge under this subdivision shall be dismissed when the person charged alleges in court, under oath, that the charge against the person is the first charge against that person under this subdivision, unless it is otherwise established in court that the charge is not the first charge against the person.

(e) Except as provided in subdivision (d), a violation of this section is an infraction punishable by a fine of not more than twenty-five dollars (\$25).

The parent or legal guardian having control or custody of an unemancipated minor whose conduct violates this section shall be jointly and severally liable with the minor for the amount of the fine imposed pursuant to this subdivision.

(f) Notwithstanding Section 1463 of the Penal Code or any other provision of law, the fines collected for a violation of this section shall be allocated as follows:

(1) Seventy-two and one-half percent of the amount collected shall be deposited in a special account of the county health department, to be used for bicycle, nonmotorized scooter, skateboard, and in-line and roller skate safety education and for assisting low-income families in obtaining approved bicycle helmets for children under the age of 18 years, either on a loan or purchase basis. The county may contract for the implementation of this program, which, to the extent practicable, shall be operated in conjunction with the child passenger restraint program pursuant to Section 27360.

(2) Two and one-half percent of the amount collected shall be deposited in the county treasury to be used by the county to administer the program described in paragraph (1).

(3) If the violation occurred within a city, 25 percent of the amount collected shall be transferred to and deposited in the treasury of that city. If the violation occurred in an unincorporated area, this 25 percent shall be deposited and used pursuant to paragraph (1).

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.

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## CHAPTER 476

An act to add Section 4114.5 to the Public Resources Code, relating to firefighting pilots.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 4114.5 is added to the Public Resources Code, to read:

4114.5. (a) Any contract entered into by the department to retain the services of pilots to fly firefighting aircraft shall expressly provide that, if the pilot dies while performing the duties specified in the contract, eligible survivors, if any, of the pilot shall be paid a one-time death benefit equal to the sum of the following:

(1) The amount of the one-time benefit that the eligible survivors of the pilot would receive if the pilot were subject to the federal Public Safety Officers' Death Benefits Act (42 U.S.C. 3796 et seq.). This paragraph shall not be applicable if, at the time of the pilot's death, the eligible survivors of the pilot are entitled to benefits under that act.

(2) An amount, as determined by the department, that would be commensurate with the death benefit payable to a mid-career firefighter employed by the department who died in the line of duty.

(b) The benefits payable pursuant to any contract subject to this section shall be paid to eligible survivors in a lump sum as follows:

- (1) If there is no eligible child, to the surviving spouse.
- (2) If there is an eligible child or children and a surviving spouse, one-half to the child or to the children in equal shares and one-half to the surviving spouse.
- (3) If there is no surviving spouse and there is an eligible child or children, to the eligible child or in equal shares to the eligible children.
- (4) If there is no surviving spouse nor any eligible child or children, to the surviving parent or in equal shares to the surviving parents.
- (c) If there are no eligible survivors, no benefit shall be payable and a pilot may not otherwise designate a beneficiary to receive the benefits under the contract.
- (d) (1) As used in this section, an “eligible survivor” means the surviving spouse, eligible children, or surviving parents of the deceased pilot.
- (2) “Surviving spouse” means a husband or wife who was married to the pilot at the time of the pilot’s death.
- (3) “Eligible child” means an unmarried, natural child of the deceased pilot who (A) was born before or after the death of the pilot or is an adopted child or stepchild of the pilot, and (B) is 18 years of age or younger at the time of the pilot’s death, or over the age of 18 years and incapable of self-support due to a physical or mental disability, or between the age of 18 and 22 years and pursuing a full-time course of study or training, if the child has not already completed four years of education beyond high school.
- (e) This section shall be applicable irrespective of whether the department contracts directly with the pilot or contracts with a third party that employs or contracts with pilots.
- (f) Nothing in this section relieve the pilot’s employer from the obligation to secure coverage for workers’ compensation; eliminate or reduce any workers’ compensation benefits otherwise available; or affect, alter, or eliminate any other remedy otherwise available at law.

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## CHAPTER 477

An act to amend Section 24178 of the Health and Safety Code, relating to health.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 24178 of the Health and Safety Code is amended to read:

24178. (a) Except for this section and the requirements set forth in Sections 24172 and 24176, this chapter shall not apply to any person who is conducting a medical experiment as an investigator within an institution that holds an assurance with the United States Department of Health and Human Services pursuant to Part 46 of Title 45 of the Code of Federal Regulations and who obtains informed consent in the method and manner required by those regulations.

(b) Subdivisions (c) and (f) shall apply only to medical experiments that relate to the cognitive impairment, lack of capacity, or serious or life threatening diseases and conditions of research participants.

(c) For purposes of obtaining informed consent required for medical experiments in a nonemergency room environment, and pursuant to subdivision (a), if a person is unable to consent and does not express dissent or resistance to participation, surrogate informed consent may be obtained from a surrogate decisionmaker with reasonable knowledge of the subject, who shall include any of the following persons, in the following descending order of priority:

- (1) The person's agent pursuant to an advance health care directive.
- (2) The conservator or guardian of the person having the authority to make health care decisions for the person.
- (3) The spouse of the person.
- (4) An individual as defined in Section 297 of the Family Code.
- (5) An adult son or daughter of the person.
- (6) A custodial parent of the person.
- (7) Any adult brother or sister of the person.
- (8) Any adult grandchild of the person.
- (9) An available adult relative with the closest degree of kinship to the person.

(d) When there are two or more available persons who, pursuant to subdivision (c), may give surrogate informed consent and who are in the same order of priority, if any of those persons expresses dissent as to the participation of the person in the medical experiment, consent shall not be considered as having been given.

(e) When there are two or more available persons who are in different orders of priority pursuant to subdivision (c), refusal to consent by a person who is a higher priority surrogate shall not be superseded by the consent of a person who is a lower priority surrogate.

(f) For purposes of obtaining informed consent required for medical experiments in an emergency room environment, and pursuant to subdivision (a), if a person is unable to consent and does not express

dissent or resistance to participation, surrogate informed consent may be obtained from a surrogate decisionmaker who is any of the following persons:

- (1) The person's agent pursuant to an advance health care directive.
- (2) The conservator or guardian of the person having the authority to make health care decisions for the person.
- (3) The spouse of the person.
- (4) An individual defined in Section 297 of the Family Code.
- (5) An adult son or daughter of the person.
- (6) A custodial parent of the person.
- (7) Any adult brother or sister of the person.
- (g) When there are two or more available persons described in subdivision (f), refusal to consent by one person shall not be superceded by any other of those persons.
- (h) Research conducted pursuant to this section shall adhere to federal regulations governing informed consent pursuant to Section 46.116 of Title 45 of the Code of Federal Regulations.
- (i) Any person who provides surrogate consent pursuant to subdivisions (c) and (f) may not receive financial compensation for providing the consent.
- (j) Subdivisions (c) and (f) do not apply to any of the following persons, except as otherwise provided by law:
  - (1) Persons who lack the capacity to give informed consent and who are involuntarily committed pursuant to Part 1 (commencing with Section 5000) of Division 5 of the Welfare and Institutions Code.
  - (2) Persons who lack the capacity to give informed consent and who have been voluntarily admitted or have been admitted upon the request of a conservator pursuant to Chapter 1 (commencing with Section 6000) of Part 1 of Division 6 of the Welfare and Institutions Code.

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## CHAPTER 478

An act to amend Sections 15432, 15434, 15437, 15438, 15438.5, and 15439 of, and to add Section 15438.7 to, the Government Code, relating to health facility financing, and making an appropriation therefor.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 15432 of the Government Code is amended to read:

15432. As used in this part, the following words and terms shall have the following meanings, unless the context clearly indicates or requires another or different meaning or intent:

(a) "Act" means the California Health Facilities Financing Authority Act.

(b) "Authority" means the California Health Facilities Financing Authority created by this part or any board, body, commission, department, or officer succeeding to the principal functions thereof or to which the powers conferred upon the authority by this part shall be given by law.

(c) "Cost," as applied to a project or portion of a project financed under this part, means and includes all or any part of the cost of construction and acquisition of all lands, structures, real or personal property, rights, rights-of-way, franchises, easements, and interests acquired or used for a project, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which those buildings or structures may be moved, the cost of all machinery and equipment, financing charges, interest prior to, during, and for a period not to exceed the later of one year or one year following completion of construction, as determined by the authority, the cost of insurance during construction, the cost of funding or financing noncapital expenses, reserves for principal and interest and for extensions, enlargements, additions, replacements, renovations and improvements, the cost of engineering, service contracts, reasonable financial and legal services, plans, specifications, studies, surveys, estimates, administrative expenses, and other expenses of funding or financing, that are necessary or incident to determining the feasibility of constructing any project, or that are incident to the construction, acquisition, or financing of any project.

(d) "Health facility" means any facility, place, or building that is licensed, accredited, or certified and organized, maintained, and operated for the diagnosis, care, prevention, and treatment of human illness, or physical, mental, or developmental disability, including convalescence and rehabilitation and including care during and after pregnancy, or for any one or more of these purposes, for one or more persons, and includes, but is not limited to, all of the following types:

(1) A general acute care hospital that is a health facility having a duly constituted governing body with overall administrative and professional responsibility and an organized medical staff that provides 24-hour inpatient care, including the following basic services: medical, nursing, surgical, anesthesia, laboratory, radiology, pharmacy, and dietary services.

(2) An acute psychiatric hospital that is a health facility having a duly constituted governing body with overall administrative and professional

responsibility and an organized medical staff that provides 24-hour inpatient care for mentally disordered, incompetent, or other patients referred to in Division 5 (commencing with Section 5000) or Division 6 (commencing with Section 6000) of the Welfare and Institutions Code, including the following basic services: medical, nursing, rehabilitative, pharmacy, and dietary services.

(3) A skilled nursing facility that is a health facility that provides the following basic services: skilled nursing care and supportive care to patients whose primary need is for availability or skilled nursing care on an extended basis.

(4) An intermediate care facility that is a health facility that provides the following basic services: inpatient care to ambulatory or semiambulatory patients who have recurring need for skilled nursing supervision and need supportive care, but who do not require availability or continuous skilled nursing care.

(5) A special health care facility that is a health facility having a duly constituted governing body with overall administrative and professional responsibility and an organized medical or dental staff that provides inpatient or outpatient, acute or nonacute care, including, but not limited to, medical, nursing, rehabilitation, dental, or maternity.

(6) A clinic that is operated by a tax-exempt nonprofit corporation that is licensed pursuant to Section 1204 or 1204.1 of the Health and Safety Code or a clinic exempt from licensure pursuant to subdivision (b) or (c) of Section 1206 of the Health and Safety Code.

(7) An adult day health center that is a facility, as defined under subdivision (b) of Section 1570.7 of the Health and Safety Code, that provides adult day health care, as defined under subdivision (a) of Section 1570.7 of the Health and Safety Code.

(8) Any facility owned or operated by a local jurisdiction for the provision of county health services.

(9) A multilevel facility is an institutional arrangement where a residential facility for the elderly is operated as a part of, or in conjunction with, an intermediate care facility, a skilled nursing facility, or a general acute care hospital. "Elderly," for the purposes of this paragraph, means a person 62 years of age or older.

(10) A child day care facility operated in conjunction with a health facility. A child day care facility is a facility, as defined in Section 1596.750 of the Health and Safety Code. For purposes of this paragraph, "child" means a minor from birth to 18 years of age.

(11) An intermediate care facility/developmentally disabled habilitative that is a health facility, as defined under subdivision (e) of Section 1250 of the Health and Safety Code.



(12) An intermediate care facility/developmentally disabled-nursing that is a health facility, as defined under subdivision (h) of Section 1250 of the Health and Safety Code.

(13) A community care facility that is a facility, as defined under subdivision (a) of Section 1502 of the Health and Safety Code, that provides care, habilitation, rehabilitation, or treatment services to developmentally disabled or mentally impaired persons.

(14) A nonprofit community care facility, as defined in subdivision (a) of Section 1502 of the Health and Safety Code, other than a facility that, as defined in that subdivision, is a residential facility for the elderly, a foster family agency, a foster family home, a full service adoption agency, or a noncustodial adoption agency.

(15) A nonprofit accredited community work-activity program, as specified in subdivision (e) of Section 19352 and Section 19355 of the Welfare and Institutions Code.

(16) A community mental health center, as defined in paragraph (3) of subdivision (b) of Section 5667 of the Welfare and Institutions Code.

(17) A nonprofit speech and hearing center, as defined in Section 1201.5 of the Health and Safety Code.

(18) A blood bank, as defined in Section 1600.2 of the Health and Safety Code, licensed pursuant to Section 1602.5 of the Health and Safety Code, and exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code.

“Health facility” includes a clinic that is described in subdivision (l) of Section 1206 of the Health and Safety Code.

“Health facility” includes the following facilities, if the facility is operated in conjunction with one or more of the facilities specified in paragraphs (1) to (18), inclusive, of this subdivision: a laboratory, laundry, or nurses or interns residence, housing for staff or employees and their families or patients or relatives of patients, a physicians’ facility, an administration building, a research facility, a maintenance, storage, or utility facility, all structures or facilities related to any of the foregoing facilities or required or useful for the operation of a health facility and the necessary and usual attendant and related facilities and equipment, and parking and supportive service facilities or structures required or useful for the orderly conduct of the health facility.

“Health facility” does not include any institution, place, or building used or to be used primarily for sectarian instruction or study or as a place for devotional activities or religious worship.

(e) “Participating health institution” means a city, city and county, or county, a district hospital, or a private nonprofit corporation or association authorized by the laws of this state to provide or operate a health facility and that, pursuant to the provisions of this part, undertakes the financing or refinancing of the construction or acquisition of a



project or of working capital as provided in this part. "Participating health institution" also includes, for purposes of the California Health Facilities Revenue Bonds (UCSF-Stanford Health Care) 1998 Series A, the Regents of the University of California.

(f) "Project" means construction, expansion, remodeling, renovation, furnishing, or equipping, or funding, financing, or refinancing of a health facility or acquisition of a health facility to be financed or refinanced with funds provided in whole or in part pursuant to this part. "Project" may include reimbursement for the costs of construction, expansion, remodeling, renovation, furnishing, or equipping, or funding, financing, or refinancing of a health facility or acquisition of a health facility. "Project" may include any combination of one or more of the foregoing undertaken jointly by any participating health institution with one or more other participating health institutions.

(g) "Revenue bond" means any bond, warrant, note, lease, or installment sale obligation that is evidenced by a certificate of participation or other evidence of indebtedness issued by the authority.

(h) "Working capital" means moneys to be used by, or on behalf of, a participating health institution to pay or prepay maintenance or operation expenses or any other costs that would be treated as an expense item, under generally accepted accounting principles, in connection with the ownership or operation of a health facility, including, but not limited to, reserves for maintenance or operation expenses, interest for not to exceed one year on any loan for working capital made pursuant to this part, and reserves for debt service with respect to, and any costs necessary or incidental to, that financing.

SEC. 2. Section 15434 of the Government Code is amended to read:

15434. The chairperson of the authority on its behalf shall appoint an executive director, who shall not be a member of the authority and who shall serve at the pleasure of the authority. The executive director shall receive compensation that shall be fixed by the authority.

SEC. 3. Section 15437 of the Government Code is amended to read:

15437. (a) The provisions of this part shall be administered by the authority, which shall have and is hereby vested with all powers reasonably necessary to carry out the powers and responsibilities expressly granted or imposed under this part.

(b) The authority shall establish financial eligibility standards by studying the creditworthiness and earning capacity of each project, together with the amount of pledged revenues, debt service coverage, and basic security.

SEC. 4. Section 15438 of the Government Code is amended to read:

15438. The authority may do any of the following:

(a) Adopt bylaws for the regulation of its affairs and the conduct of its business.

(b) Adopt an official seal.

(c) Sue and be sued in its own name.

(d) Receive and accept from any agency of the United States, any agency of the state, or any municipality, county, or other political subdivision thereof, or from any individual, association, or corporation gifts, grants, or donations of moneys for achieving any of the purposes of this chapter.

(e) Engage the services of private consultants to render professional and technical assistance and advice in carrying out the purposes of this part.

(f) Determine the location and character of any project to be financed under this part, and to acquire, construct, enlarge, remodel, renovate, alter, improve, furnish, equip, fund, finance, own, maintain, manage, repair, operate, lease as lessee or lessor, and regulate the same, to enter into contracts for any or all of those purposes, to enter into contracts for the management and operation of a project or other health facilities owned by the authority, and to designate a participating health institution as its agent to determine the location and character of a project undertaken by that participating health institution under this chapter and as the agent of the authority, to acquire, construct, enlarge, remodel, renovate, alter, improve, furnish, equip, own, maintain, manage, repair, operate, lease as lessee or lessor, and regulate the same, and as the agent of the authority, to enter into contracts for any or all of those purposes, including contracts for the management and operation of that project or other health facilities owned by the authority.

(g) Acquire, directly or by and through a participating health institution as its agent, by purchase solely from funds provided under the authority of this part, or by gift or devise, and to sell, by installment sale or otherwise, any lands, structures, real or personal property, rights, rights-of-way, franchises, easements, and other interests in lands, including lands lying under water and riparian rights, that are located within the state that the authority determines necessary or convenient for the acquisition, construction, or financing of a health facility or the acquisition, construction, financing, or operation of a project, upon the terms and at the prices considered by the authority to be reasonable and that can be agreed upon between the authority and the owner thereof, and to take title thereto in the name of the authority or in the name of a participating health institution as its agent.

(h) Receive and accept from any source loans, contributions, or grants for, or in aid of, the construction, financing, or refinancing of a project or any portion of a project in money, property, labor, or other things of value.

(i) Make secured or unsecured loans to, or purchase secured or unsecured loans of, any participating health institution in connection with the financing of a project or working capital in accordance with an agreement between the authority and the participating health institution. However, no loan to finance a project shall exceed the total cost of the project, as determined by the participating health institution and approved by the authority. Funds for secured loans may be provided from the California Health Facilities Financing Fund pursuant to subdivision (b) of Section 15439 to small or rural health facilities pursuant to authority guidelines.

(j) Make secured or unsecured loans to, or purchase secured or unsecured loans of, any participating health institution in accordance with an agreement between the authority and the participating health institution to refinance indebtedness incurred by that participating health institution in connection with projects undertaken or for health facilities acquired or for working capital. Funds for secured loans may be provided from the California Health Facilities Financing Fund pursuant to subdivision (b) of Section 15439 to small or rural health facilities pursuant to authority guidelines.

(k) Mortgage all or any portion of interest of the authority in a project or other health facilities and the property on which that project or other health facilities are located, whether owned or thereafter acquired, including the granting of a security interest in any property, tangible or intangible, and to assign or pledge all or any portion of the interests of the authority in mortgages, deeds of trust, indentures of mortgage or trust, or similar instruments, notes, and security interests in property, tangible or intangible, of participating health institutions to which the authority has made loans, and the revenues therefrom, including payments or income from any thereof owned or held by the authority, for the benefit of the holders of bonds issued to finance the project or health facilities or issued to refund or refinance outstanding indebtedness of participating health institutions as permitted by this part.

(l) Lease to a participating health institution the project being financed or other health facilities conveyed to the authority in connection with that financing, upon the terms and conditions the authority determines proper, charge and collect rents therefor, terminate the lease upon the failure of the lessee to comply with any of the obligations of the lease, and include in that lease, if desired, provisions granting the lessee options to renew the term of the lease for the period or periods and at the rent, as determined by the authority, purchase any or all of the health facilities or that upon payment of all of the indebtedness incurred by the authority for the financing of that project or health facilities or for refunding outstanding indebtedness of a participating health institution, then the authority may convey any or all

of the project or the other health facilities to the lessee or lessees thereof with or without consideration.

(m) Charge and equitably apportion among participating health institutions, the administrative costs and expenses incurred by the authority in the exercise of the powers and duties conferred by this part.

(n) Obtain, or aid in obtaining, from any department or agency of the United States or of the state, any private company, or any insurance or guarantee as to, of, or for the payment or repayment of, interest or principal, or both, or any part thereof, on any loan, lease, or obligation, or any instrument evidencing or securing the loan, lease, or obligation, made or entered into pursuant to this part; and notwithstanding any other provisions of this part, to enter into any agreement, contract, or any other instrument whatsoever with respect to that insurance or guarantee, to accept payment in the manner and form as provided therein in the event of default by a participating health institution, and to assign that insurance or guarantee as security for the authority's bonds.

(o) Enter into any and all agreements or contracts, including agreements for liquidity and credit enhancement, interest rate swaps or hedges, execute any and all instruments, and do and perform any and all acts or things necessary, convenient, or desirable for the purposes of the authority or to carry out any power expressly granted by this part.

(p) Invest any moneys held in reserve or sinking funds or any moneys not required for immediate use or disbursement, at the discretion of the authority, in any obligations authorized by the resolution authorizing the issuance of the bonds secured thereof or authorized by law for the investment of trust funds in the custody of the Treasurer.

(q) Award grants to any eligible clinic pursuant to Section 15438.6.

(r) Award grants to any eligible health facility pursuant to Section 15438.7.

SEC. 5. Section 15438.5 of the Government Code is amended to read:

15438.5. (a) It is the intent of the Legislature in enacting this part to provide financing only, and, except as provided in subdivisions (b), (c), and (d), only to health facilities that can demonstrate the financial feasibility of their projects. It is further the intent of the Legislature that all or part of any savings experienced by a participating health institution, as a result of that tax-exempt revenue bond funding, be passed on to the consuming public through lower charges or containment of the rate of increase in hospital rates. It is not the intent of the Legislature in enacting this part to encourage unneeded health facility construction. Further, it is not the intent of the Legislature to authorize the authority to control or participate in the operation of hospitals, except where default occurs or appears likely to occur.

(b) When determining the financial feasibility of projects, the authority shall consider the more favorable interest rates reasonably anticipated through the issuance of revenue bonds under this part. It is the intent of the Legislature that the authority attempt in whatever ways possible to assist health facilities to arrange projects that will meet the financial feasibility standards developed under this part.

(c) If a health facility seeking financing for a project pursuant to this part does not meet the guidelines established by the authority with respect to bond rating, the authority may nonetheless give special consideration, on a case-by-case basis, to financing the project if the health facility demonstrates to the satisfaction of the authority the financial feasibility of the project, and the performance of significant community service. For the purposes of this part, a health facility that performs a significant community service is one that contracts with Medi-Cal or that can demonstrate, with the burden of proof being on the health facility, that it has fulfilled at least two of the following criteria:

(1) On or before January 1, 1991, has established, and agrees to maintain, a 24-hour basic emergency medical service open to the public with a physician and surgeon on duty, or is a children's hospital as defined in Section 14087.21 of the Welfare and Institutions Code, that jointly provides basic or comprehensive emergency services in conjunction with another licensed hospital. This criterion shall not be utilized in a circumstance where a small and rural hospital, as defined in Section 442.2 of the Health and Safety Code, has not established a 24-hour basic emergency medical service with a physician and surgeon on duty or will operate a designated trauma center on a continuing basis during the life of the revenue bonds issued by the authority.

(2) Has adopted, and agrees to maintain on a continuing basis during the life of the revenue bonds issued by the authority, a policy, approved and recorded by the facility's board of directors, of treating all patients without regard to ability to pay, including, but not limited to, emergency room walk-in patients.

(3) Has provided and agrees to provide care, on a continuing basis during the life of the revenue bonds issued by the authority, to Medi-Cal and uninsured patients in an amount not less than 5 percent of the facility's adjusted inpatient days as reported on an annual basis to the Office of Statewide Health Planning and Development.

(4) Has budgeted at least 5 percent of its net operating income to meeting the medical needs of uninsured patients and to providing other services, including, but not limited to, community education, primary care outreach in ambulatory settings, and unmet nonmedical needs, such as food, shelter, clothing, or transportation for vulnerable populations in the community, and agrees to continue that policy during the life of the revenue bonds issued by the authority.

(d) Enforcement of the conditions under which the authority issues bonds pursuant to this section shall be governed by the enforcement conditions under Section 15459.4.

SEC. 6. Section 15438.7 is added to the Government Code, to read: 15438.7. (a) The Legislature finds and declares all of the following:

(1) There are small health care facilities throughout the state that are in critical need of capital improvements to continue to provide quality health care services.

(2) Some of these facilities currently lack the ability to take on debt and have little access to capital.

(3) This lack of access to capital threatens the quality and accessibility of the services provided by health care facilities and hampers their ability to gain the financial strength to better access the capital markets.

(4) The state's health care system is reliant upon those health care facilities that treat low-income, uninsured, or vulnerable populations, such as the developmentally disabled, the elderly, the mentally ill, emotionally disturbed children, and the chemically dependent.

(5) The grant program provided in this section is in the public interest, serves a public purpose, and will promote the health, welfare, and safety of the citizens of the state.

(b) The authority may award grants to any eligible health facility, as defined in subdivision (d) of Section 15432 for purposes of financing projects, as defined in subdivision (f) of Section 15432.

(c) The authority shall develop selection criteria and a process for awarding grants under this section. When developing the selection criteria for the awarding of grants under this section, the authority shall take into consideration all of the following factors:

(1) The need for the grant based on the applicant's total net assets.

(2) Whether the grant will leverage additional dollars to complete the project.

(3) The importance and level of services to vulnerable populations that will be generated.

(4) The level of access to capital by the applicant.

(5) Demonstration by the applicant of project readiness and feasibility.

(6) Total dollars available for purposes of this section.

(d) It is the intent of the Legislature to assist those small health facilities that have demonstrated superior management but little to no access to capital and whose services are threatened by a critical need for capital improvements.

(e) In no event shall a grant to finance a project exceed the total cost of the project, as determined by the health facility and approved by the authority. Grants shall be awarded only to facilities that have certified

to the authority that all requirements established by the authority for grantees have been met.

(f) All projects that are awarded grants shall be completed within a reasonable period of time, to be determined by the authority. No funds shall be released by the authority until the applicant demonstrates project readiness to the authority's satisfaction. If the authority determines that the health facility has failed to complete the project under the terms specified in awarding the grant, the authority may require remedies, including the return of all or a portion of the grant. Certification of project completion shall be submitted to the authority by any health facility receiving a grant under this section.

(g) Subject to subdivision (h), grants to be awarded under this section shall be financed by funds from the California Health Facilities Authority Fund.

(h) Grants shall only be available pursuant to this section if the authority determines that it has sufficient moneys available in the California Health Facilities Authority Fund. Nothing in this section shall require the authority to award grants if the authority determines that it has insufficient moneys available in the California Health Facilities Authority Fund to award grants.

(i) The authority may annually determine the amount available for purposes of this section.

SEC. 7. Section 15439 of the Government Code is amended to read:

15439. (a) The California Health Facilities Authority Fund is continued in existence in the State Treasury as the California Health Facilities Financing Authority Fund. All money in the fund is hereby continuously appropriated to the authority for carrying out the purposes of this division. The authority may pledge any or all of the moneys in the fund as security for payment of the principal of, and interest on, any particular issuance of bonds issued pursuant to this part, or any particular secured or unsecured loan made pursuant to subdivision (i) or (j) of Section 15438, or for a grant awarded pursuant to subdivision (b) of Section 15438.7, and, for that purpose or as necessary or convenient to the accomplishment of any other purpose of the authority, may divide the fund into separate accounts. All moneys accruing to the authority pursuant to this part from whatever source shall be deposited in the fund.

(b) Subject to the priorities that may be created by the pledge of particular moneys in the fund to secure any issuance of bonds of the authority, and subject further to the cost of loans provided by the authority pursuant to subdivisions (i) and (j) of Section 15438 and to the cost of grants provided by the authority pursuant to Section 15438.7, and subject further to any reasonable costs which may be incurred by the authority in administering the program authorized by this division, all moneys in the fund derived from any source shall be held in trust for the



security and payment of bonds of the authority and shall not be used or pledged for any other purpose so long as the bonds are outstanding and unpaid. However, nothing in this section shall limit the power of the authority to make loans with the proceeds of bonds in accordance with the terms of the resolution authorizing the same.

(c) Pursuant to any agreements with the holders of particular bonds pledging any particular assets, revenues, or moneys, the authority may create separate accounts in the fund to manage assets, revenues, or moneys in the manner set forth in the agreements.

(d) The authority may, from time to time, direct the State Treasurer to invest moneys in the fund that are not required for its current needs, including proceeds from the sale of any bonds, in the eligible securities specified in Section 16430 as the agency shall designate. The authority may direct the State Treasurer to deposit moneys in interest-bearing accounts in state or national banks or other financial institutions having principal offices in this state. The authority may alternatively require the transfer of moneys in the fund to the Surplus Money Investment Fund for investment pursuant to Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4. All interest or other increment resulting from an investment or deposit shall be deposited in the fund, notwithstanding Section 16305.7. Moneys in the fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4, excepting the Surplus Money Investment Fund.

(e) All moneys accruing to the authority from whatever source shall be deposited in the fund.

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## CHAPTER 479

An act to amend Section 13960 of the Government Code, relating to victims of crime, and making an appropriation therefor.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 13960 of the Government Code, as amended by Section 1 of Chapter 712 of the Statutes of 2001, is amended to read: 13960. As used in this article:

(a) (1) "Victim" means a resident of the State of California, a member of the military stationed in California, or a family member



living with a member of the military stationed in California who sustains injury or death as a direct result of a crime.

(2) "Derivative victim" means a resident of California, or resident of another state, who is one of the following:

(A) At the time of the crime was the parent, grandparent, sibling, spouse, child, or grandchild of the victim.

(B) At the time of the crime was living in the household of the victim.

(C) 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 subparagraph (A).

(D) Is another family member of the victim, including the victim's fiancé or fiancée, and witnessed the crime.

(E) Is the primary caretaker of a minor victim, but was not the primary caretaker at the time of the crime.

(b) (1) "Injury" includes physical or emotional injury, or both. However, this article does not apply to emotional injury unless that injury is incurred by a victim who also sustains physical injury or threat of physical injury. For purposes of this article, a victim of a crime committed in violation of Section 261, 262, 271, 273a, 273d, 278, 278.5, 285, 286, 288, 288a, 288.5, or 289, or subdivision (b) or (c) of Section 311.4, of the Penal Code, who sustains emotional injury is presumed to have sustained physical injury. For purposes of this article, a victim of a crime committed in violation of Section 270 of the Penal Code, as a result of conduct other than a failure to pay child support, who sustains emotional injury is presumed to have sustained physical injury if criminal charges were filed. For purposes of this article, a victim of a crime committed in violation of subdivision (d) of Section 261.5 of the Penal Code, who sustains emotional injury, is presumed to have sustained physical injury if felony charges were filed.

(2) It is the intent of the Legislature that in order for the presumption set forth in paragraph (1) relating to a violation of Section 278 or 278.5 of the Penal Code to apply, the deprivation of custody as described in those sections shall have endured for not less than 30 days. For the purposes of this paragraph, the child, and not the nonoffending parent or other caretaker, shall be deemed the victim.

(3) (A) A child who has been the witness of a crime or crimes of domestic violence may be presumed by the board to have sustained physical injury.

(B) 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.

(c) "Crime" means a crime or public offense that would constitute a misdemeanor or a felony if committed in California by a competent adult

that results in injury to a resident of this state, including a crime or public offense, wherever it may take place, when the resident is temporarily absent from the state. "Crime" includes an act of terrorism, as defined in Section 2331 of Title 18 of the United States Code, committed against a resident of the state, whether or not the act occurs within the state. 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 article, except that a crime shall include any of the following:

(1) Injury or death intentionally inflicted through the use of a motor vehicle, aircraft, or water vehicle.

(2) Injury or death caused by a driver in violation of Section 20001 of the Vehicle Code.

(3) Injury or death caused by a person who is under the influence of any alcoholic beverage or drug.

(4) Injury or death 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.

(5) Injury or death caused by a person in violation of subdivision (c) of Section 192 or Section 192.5 of the Penal Code.

For the purpose of the limitations imposed by this article, a crime shall mean one act or series of related acts arising from the same course of conduct with the same perpetrator or perpetrators against a victim.

(d) "Pecuniary loss" means the following expenses for which the victim or derivative victim has not been and will not be reimbursed from any other source:

(1) The amount of medical or medical-related expenses incurred by the victim, including inpatient psychological or psychiatric expenses, and 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) The amount of outpatient psychiatric, psychological, or other mental health counseling related expenses that became necessary as a direct result of the crime. These counseling services may only be reimbursed if provided by any of the following individuals:

(A) A person licensed as a physician who is certified in psychiatry by the American Board of Psychiatry and Neurology or who has completed a residency in psychiatry.

(B) A person licensed as a psychologist under Chapter 6.6 (commencing with Section 2900) of Division 2 of the Business and Professions Code.

(C) A person licensed as a clinical social worker under Article 4 (commencing with Section 4996) of Chapter 14 of Division 2 of the Business and Professions Code.

(D) A person licensed as a marriage and family therapist under Chapter 13 (commencing with Section 4980) of Division 2 of the Business and Professions Code.

(E) A person registered as a psychological assistant who is under the supervision of a licensed psychologist or board certified psychiatrist as required by Section 2913 of the Business and Professions Code.

(F) A person registered with the Board of Psychology who is providing services in a nonprofit community agency pursuant to subdivision (d) of Section 2909 of the Business and Professions Code.

(G) A person registered as a marriage and family therapist intern who is under the supervision of a licensed marriage and family therapist, a licensed clinical social worker, a licensed psychologist, or a licensed physician certified in psychiatry, as specified in Section 4980.44 of the Business and Professions Code.

(H) A person registered as an associate clinical social worker, as defined in Section 4996.18 of the Business and Professions Code, who is under the supervision of a licensed clinical social worker, a licensed psychologist, or a board certified psychiatrist.

(I) A person who qualifies as a psychology intern as described in Section 2911 of the Business and Professions Code who is under the supervision of a licensed mental health professional (psychiatrist, psychologist, social worker, or marriage and family therapist) in a university hospital or university medical school clinic or a person who has completed the qualifications described in Section 2911 of the Business and Professions Code who is pursuing a postdoctoral and training in a university or university medical school clinic under the supervision of a licensed mental health professional (psychiatrist, psychologist, social worker, or marriage and family therapist) for the purpose of achieving higher clinical competency.

(J) A person licensed as a registered nurse pursuant to Chapter 6 (commencing with Section 2700) of Division 2 of the Business and Professions Code, who possesses a master's degree in psychiatric-mental health nursing and is listed as a psychiatric-mental health nurse by the Board of Registered Nursing, or an advanced practice registered nurse certified as a clinical nurse specialist under Article 9 (commencing with Section 2838) of Chapter 6 of Division 2 of the Business and Professions Code, who participates in expert clinical practice in the specialty of psychiatric-mental health nursing.

(3) The loss of income that the victim or the loss of support that the derivative victim has incurred or will incur as a direct result of an injury or death.

(4) Pecuniary loss also includes nonmedical remedial care and treatment rendered in accordance with a religious method of healing recognized by state law.

(5) The amount of family psychiatric, psychological, or mental health counseling expenses necessary as a direct result of the crime 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.

(e) "Board" means the California Victim Compensation and Government Claims Board.

(f) "Victim centers" means those centers as specified in Section 13835.2 of the Penal Code.

(g) "Peer counselor" means a provider of mental health counseling services who has completed a specialized course in rape crisis counseling skills development, participates in continuing education in rape crisis counseling skills development, and provides rape crisis counseling in consultation with a mental health practitioner licensed within the State of California.

(h) This section shall remain in effect only until January 1, 2004, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2004, deletes or extends that date.

SEC. 2. Section 13960 of the Government Code, as amended by Section 2 of Chapter 712 of the Statutes of 2001, is amended to read:

13960. As used in this article:

(a) (1) "Victim" means a resident of the State of California, a member of the military stationed in California, or a family member living with a member of the military stationed in California who sustains injury or death as a direct result of a crime.

(2) "Derivative victim" means a resident of California who is one of the following:

(A) At the time of the crime was the parent, grandparent, sibling, spouse, child, or grandchild of the victim.

(B) At the time of the crime was living in the household of the victim.

(C) 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 subparagraph (A).

(D) Is another family member of the victim, including the victim's fiancé, and witnessed the crime.

(b) (1) "Injury" includes physical or emotional injury, or both. However, this article does not apply to emotional injury unless that injury is incurred by a victim who also sustains physical injury or threat of physical injury. For purposes of this article, a victim of a crime committed in violation of 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, who sustains emotional injury is presumed to have sustained physical injury. For purposes of this article, a victim of a crime committed in violation of Section 270 of the Penal Code, as a result of

conduct other than a failure to pay child support, who sustains emotional injury is presumed to have sustained physical injury if criminal charges were filed or a prosecuting attorney expresses the opinion that the child is a victim of that section.

(2) 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.

(c) "Crime" means a crime or public offense that would constitute a misdemeanor or a felony if committed in California by a competent adult that results in injury to a resident of this state, including a crime or public offense, wherever it may take place, when the resident is temporarily absent from the state. "Crime" includes an act of terrorism, as defined in Section 2331 of Title 18 of the United States Code, committed against a resident of the state, whether or not the act occurs within the state. 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 article, except that a crime shall include any of the following:

(1) Injury or death intentionally inflicted through the use of a motor vehicle, aircraft, or water vehicle.

(2) Injury or death caused by a driver in violation of Section 20001 of the Vehicle Code.

(3) Injury or death caused by a person who is under the influence of any alcoholic beverage or drug.

(4) Injury or death 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.

For the purpose of the limitations imposed by this article, a crime shall mean one act or series of related acts arising from the same course of conduct with the same perpetrator or perpetrators.

(d) "Pecuniary loss" means the following expenses for which the victim or derivative victim has not been and will not be reimbursed from any other source:

(1) The amount of medical or medical-related expenses incurred by the victim, including inpatient psychological or psychiatric expenses, and 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) The amount of outpatient psychiatric, psychological, or other mental health counseling related expenses that became necessary as a direct result of the crime. These counseling services may only be reimbursed if provided by any of the following individuals:

(A) A person licensed as a physician who is certified in psychiatry by the American Board of Psychiatry and Neurology or who has completed a residency in psychiatry.

(B) A person licensed as a psychologist under Chapter 6.6 (commencing with Section 2900) of Division 2 of the Business and Professions Code.

(C) A person licensed as a clinical social worker under Article 4 (commencing with Section 4996) of Chapter 14 of Division 2 of the Business and Professions Code.

(D) A person licensed as a marriage and family therapist under Chapter 13 (commencing with Section 4980) of Division 2 of the Business and Professions Code.

(E) A person registered as a psychological assistant who is under the supervision of a licensed psychologist or board certified psychiatrist as required by Section 2913 of the Business and Professions Code.

(F) A person registered with the Board of Psychology who is providing services in a nonprofit community agency pursuant to subdivision (d) of Section 2909 of the Business and Professions Code.

(G) A person registered as a marriage and family therapist intern who is under the supervision of a licensed marriage and family therapist, a licensed clinical social worker, a licensed psychologist, or a licensed physician certified in psychiatry, as specified in Section 4980.44 of the Business and Professions Code.

(H) A person registered as an associate clinical social worker, as defined in Section 4996.18 of the Business and Professions Code, who is under the supervision of a licensed clinical social worker, a licensed psychologist, or a board certified psychiatrist.

(I) A person who qualifies as a psychology intern as described in Section 2911 of the Business and Professions Code who is under the supervision of a licensed mental health professional (psychiatrist, psychologist, social worker, or marriage and family therapist) in a university hospital or university medical school clinic or a person who has completed the qualifications described in Section 2911 of the Business and Professions Code who is pursuing a postdoctoral and training in a university or university medical school clinic under the supervision of a licensed mental health professional (psychiatrist, psychologist, social worker, or marriage and family therapist) for the purpose of achieving higher clinical competency.

(J) A person licensed as a registered nurse pursuant to Chapter 6 (commencing with Section 2700) of Division 2 of the Business and Professions Code, who possesses a master's degree in psychiatric-mental health nursing and is listed as a psychiatric-mental health nurse by the Board of Registered Nursing, or an advanced practice registered nurse certified as a clinical nurse specialist under Article 9

(commencing with Section 2838) of Chapter 6 of Division 2 of the Business and Professions Code, who participates in expert clinical practice in the specialty of psychiatric-mental health nursing.

(3) The loss of income that the victim or the loss of support that the derivative victim has incurred or will incur as a direct result of an injury or death.

(4) Pecuniary loss also includes nonmedical remedial care and treatment rendered in accordance with a religious method of healing recognized by state law.

(5) The amount of family psychiatric, psychological, or mental health counseling expenses necessary as a direct result of the crime 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.

(e) "Board" means the California Victim Compensation and Government Claims Board.

(f) "Victim centers" means those centers as specified in Section 13835.2 of the Penal Code.

(g) "Peer counselor" means a provider of mental health counseling services who has completed a specialized course in rape crisis counseling skills development, participates in continuing education in rape crisis counseling skills development, and provides rape crisis counseling in consultation with a mental health practitioner licensed within the State of California.

(h) This section shall become operative on January 1, 2004.

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## CHAPTER 480

An act to amend Sections 407, 601, 603, 1001, 2115, 15677.2, 15677.3, 15677.6, 15677.7, 15677.8, 15677.9, 16902, 16903, 16904, 16905, 16906, 16907, 16908, 16909, 17540.2, 17540.3, 17540.6, 17540.7, 17540.8, and 25005.1 of, to add Sections 161.9 and 1313 to, and to add Chapter 11.5 (commencing with Section 1150) to Division 1 of Title 1 of, the Corporations Code, and to add and repeal Section 12184 of the Government Code, relating to business organizations.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 161.9 is added to the Corporations Code, to read:



161.9. "Conversion" means a conversion pursuant to Chapter 11.5 (commencing with Section 1150).

SEC. 2. Section 407 of the Corporations Code is amended to read:

407. A corporation may, but is not required to, issue fractions of a share originally or upon transfer. If it does not issue fractions of a share, it shall in connection with any original issuance of shares (a) arrange for the disposition of fractional interests by those entitled thereto, (b) pay in cash the fair value of fractions of a share as of the time when those entitled to receive those fractions are determined or (c) issue scrip or warrants in registered form, as certificated securities or uncertificated securities, or bearer form as certificated securities, which shall entitle the holder to receive a certificate for a full share upon the surrender of the scrip or warrants aggregating a full share; provided, however, that if the fraction of a share that any person would otherwise be entitled to receive in a merger, conversion, or reorganization is less than one-half of 1 percent of the total shares that person is entitled to receive, a merger, conversion, or reorganization agreement may provide that fractions of a share will be disregarded or that shares issuable in the merger or conversion will be rounded off to the nearest whole share; and provided, further, that a corporation may not pay cash for fractional shares if that action would result in the cancellation of more than 10 percent of the outstanding shares of any class. A determination by the board of the fair value of fractions of a share shall be conclusive in the absence of fraud. A certificate for a fractional share shall, but scrip or warrants shall not unless otherwise provided therein, entitle the holder to exercise voting rights, to receive dividends thereon and to participate in any of the assets of the corporation in the event of liquidation. The board may cause scrip or warrants to be issued subject to the condition that they shall become void if not exchanged for full shares before a specified date or that the shares for which scrip or warrants are exchangeable may be sold by the corporation and the proceeds thereof distributed to the holder of the scrip or warrants or any other condition that the board may impose.

SEC. 3. Section 601 of the Corporations Code is amended to read:

601. (a) Whenever shareholders are required or permitted to take any action at a meeting a written notice of the meeting shall be given not less than 10 (or, if sent by third-class mail, 30) nor more than 60 days before the date of the meeting to each shareholder entitled to vote thereat. That notice shall state the place, date and hour of the meeting and (1) in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or (2) in the case of the annual meeting, those matters that the board, at the time of the mailing of the notice, intends to present for action by the shareholders, but subject to the provisions of subdivision (f) any proper matter may be presented at the meeting for that action. The notice of any meeting at



which directors are to be elected shall include the names of nominees intended at the time of the notice to be presented by the board for election.

(b) Notice of a shareholders' meeting or any report shall be given either personally or by first-class mail, or, in the case of a corporation with outstanding shares held of record by 500 or more persons (determined as provided in Section 605) on the record date for the shareholders' meeting, notice may be sent third-class mail, or other means of written communication, addressed to the shareholder at the address of that shareholder appearing on the books of the corporation or given by the shareholder to the corporation for the purpose of notice; or if no address appears or is given, at the place where the principal executive office of the corporation is located or by publication at least once in a newspaper of general circulation in the county in which the principal executive office is located. The notice or report shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by other means of written communication. An affidavit of mailing of any notice or report in accordance with the provisions of this division, executed by the secretary, assistant secretary or any transfer agent, shall be prima facie evidence of the giving of the notice or report.

If any notice or report addressed to the shareholder at the address of that shareholder appearing on the books of the corporation is returned to the corporation by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice or report to the shareholder at that address, all future notices or reports shall be deemed to have been duly given without further mailing if the same shall be available for the shareholder upon written demand of the shareholder at the principal executive office of the corporation for a period of one year from the date of the giving of the notice or report to all other shareholders.

(c) Upon request in writing to the chairperson of the board, president, vice president or secretary by any person (other than the board) entitled to call a special meeting of shareholders, the officer forthwith shall cause notice to be given to the shareholders entitled to vote that a meeting will be held at a time requested by the person or persons calling the meeting, not less than 35 nor more than 60 days after the receipt of the request. If the notice is not given within 20 days after receipt of the request, the persons entitled to call the meeting may give the notice or the superior court of the proper county shall summarily order the giving of the notice, after notice to the corporation giving it an opportunity to be heard. The procedure provided in subdivision (c) of Section 305 shall apply to that application. The court may issue orders as may be appropriate, including, without limitation, orders designating the time and place of

the meeting, the record date for determination of shareholders entitled to vote and the form of notice.

(d) When a shareholders' meeting is adjourned to another time or place, unless the bylaws otherwise require and except as provided in this subdivision, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business that might have been transacted at the original meeting. If the adjournment is for more than 45 days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting.

(e) The transactions of any meeting of shareholders, however called and noticed, and wherever held, are as valid as though had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not present in person or by proxy, signs a written waiver of notice or a consent to the holding of the meeting or an approval of the minutes thereof. All those waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Attendance of a person at a meeting shall constitute a waiver of notice of and presence at the meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by this division to be included in the notice but not so included, if the objection is expressly made at the meeting. Neither the business to be transacted at nor the purpose of any regular or special meeting of shareholders need be specified in any written waiver of notice, consent to the holding of the meeting or approval of the minutes thereof, unless otherwise provided in the articles or bylaws, except as provided in subdivision (f).

(f) Any shareholder approval at a meeting, other than unanimous approval by those entitled to vote, pursuant to Section 310, 902, 1152, 1201, 1900 or 2007 shall be valid only if the general nature of the proposal so approved was stated in the notice of meeting or in any written waiver of notice.

SEC. 4. Section 603 of the Corporations Code is amended to read:

603. (a) Unless otherwise provided in the articles, any action that may be taken at any annual or special meeting of shareholders may be taken without a meeting and without prior notice, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes

that would be necessary to authorize or take that action at a meeting at which all shares entitled to vote thereon were present and voted.

(b) Unless the consents of all shareholders entitled to vote have been solicited in writing,

(1) Notice of any shareholder approval pursuant to Section 310, 317, 1152, 1201 or 2007 without a meeting by less than unanimous written consent shall be given at least 10 days before the consummation of the action authorized by that approval, and

(2) Prompt notice shall be given of the taking of any other corporate action approved by shareholders without a meeting by less than unanimous written consent,

to those shareholders entitled to vote who have not consented in writing. Subdivision (b) of Section 601 applies to that notice.

(c) Any shareholder giving a written consent, or the shareholder's proxyholders, or a transferee of the shares or a personal representative of the shareholder or their respective proxyholders, may revoke the consent by a writing received by the corporation prior to the time that written consents of the number of shares required to authorize the proposed action have been filed with the secretary of the corporation, but may not do so thereafter. The revocation is effective upon its receipt by the secretary of the corporation.

(d) Notwithstanding subdivision (a), directors may not be elected by written consent except by unanimous written consent of all shares entitled to vote for the election of directors; provided that the shareholders may elect a director to fill a vacancy, other than a vacancy created by removal, by the written consent of a majority of the outstanding shares entitled to vote.

SEC. 5. Section 1001 of the Corporations Code is amended to read:

1001. (a) A corporation may sell, lease, convey, exchange, transfer, or otherwise dispose of all or substantially all of its assets when the principal terms are approved by the board, and, unless the transaction is in the usual and regular course of its business, approved by the outstanding shares (Section 152), either before or after approval by the board and before or after the transaction. A transaction constituting a reorganization (Section 181) is subject to the provisions of Chapter 12 (commencing with Section 1200) and not this section (other than subdivision (d)). A transaction constituting a conversion (Section 161.9) is subject to the provisions of Chapter 11.5 (commencing with Section 1150) and not this section.

(b) Notwithstanding approval of the outstanding shares (Section 152), the board may abandon the proposed transaction without further action by the shareholders, subject to the contractual rights, if any, of third parties.

(c) The sale, lease, conveyance, exchange, transfer or other disposition may be made upon those terms and conditions and for that consideration as the board may deem in the best interests of the corporation. The consideration may be money, securities, or other property.

(d) If the acquiring party in a transaction pursuant to subdivision (a) of this section or subdivision (g) of Section 2001 is in control of or under common control with the disposing corporation, the principal terms of the sale must be approved by at least 90 percent of the voting power of the disposing corporation unless the disposition is to a domestic or foreign corporation or other business entity in consideration of the nonredeemable common shares or nonredeemable equity securities of the acquiring party or its parent.

(e) Subdivision (d) does not apply to any transaction if the Commissioner of Corporations, the Commissioner of Financial Institutions, the Insurance Commissioner or the Public Utilities Commission has approved the terms and conditions of the transaction and the fairness of those terms and conditions pursuant to Section 25142, Section 696.5 of the Financial Code, Section 838.5 of the Insurance Code, or Section 822 of the Public Utilities Code.

SEC. 6. Chapter 11.5 (commencing with Section 1150) is added to Division 1 of Title 1 of the Corporations Code, to read:

#### CHAPTER 11.5. CONVERSIONS

1150. For purposes of this chapter, the following definitions shall apply:

(a) "Converted corporation" means a corporation that results from a conversion of an other business entity or a foreign other business entity or a foreign corporation pursuant to Section 1157.

(b) "Converted entity" means a domestic other business entity that results from a conversion of a corporation under this chapter.

(c) "Converting corporation" means a corporation that converts into a domestic other business entity pursuant to this chapter.

(d) "Converting entity" means an other business entity or a foreign other business entity or foreign corporation that converts into a corporation pursuant to Section 1157.

(e) "Domestic other business entity" has the meaning provided in Section 167.7.

(f) "Foreign other business entity" has the meaning provided in Section 171.07.

(g) "Other business entity" has the meaning provided in Section 174.5.

1151. (a) A corporation may be converted into a domestic other business entity pursuant to this chapter if, pursuant to the proposed conversion, (1) each share of the same class or series of the converting corporation shall, unless all the shareholders of the class or series consent, be treated equally with respect to any cash, rights, securities, or other property to be received by, or any obligations or restrictions to be imposed on, the holder of that share, and (2) nonredeemable common shares of the converting corporation shall be converted only into nonredeemable equity securities of the converted entity unless all of the shareholders of the class consent; provided, however, that clause (1) shall not restrict the ability of the shareholders of a converting corporation to appoint one or more managers, if the converted entity is a limited liability company, or one or more general partners, if the converted entity is a limited partnership, in the plan of conversion or in the converted entity's governing documents.

(b) Notwithstanding this section, the conversion of a corporation into a domestic other business entity may be effected only if both of the following conditions are complied with:

(1) The law under which the converted entity will exist expressly permits the formation of that entity pursuant to a conversion.

(2) The corporation complies with any and all other requirements of any other law that applies to conversion to the converted entity.

1152. (a) A corporation that desires to convert to a domestic other business entity shall approve a plan of conversion. The plan of conversion shall state all of the following:

(1) The terms and conditions of the conversion.

(2) The jurisdiction of the organization of the converted entity and of the converting corporation and the name of the converted entity after conversion.

(3) The manner of converting the shares of each of the shareholders of the converting corporation into securities of, or interests in, the converted entity.

(4) The provisions of the governing documents for the converted entity, including the partnership agreement or limited liability company articles of organization and operating agreement, to which the holders of interests in the converted entity are to be bound.

(5) Any other details or provisions that are required by the laws under which the converted entity is organized, or that are desired by the converting corporation.

(b) The plan of conversion shall be approved by the board of the converting corporation (Section 151), and the principal terms of the plan of the conversion shall be approved by the outstanding shares (Section 152) of each class of the converting corporation. The approval of the outstanding shares may be given before or after approval by the board.

Notwithstanding the foregoing, if a converting corporation is a close corporation, the conversion shall be approved by the affirmative vote of at least two-thirds of each class of outstanding shares of that converting corporation; provided, however, that the articles may provide for a lesser vote, but not less than a majority of the outstanding shares of each class.

(c) If the corporation is converting into a general or limited partnership or into a limited liability company, then in addition to the approval of the shareholders set forth in subdivision (b), the plan of conversion shall be approved by each shareholder who will become a general partner or manager, as applicable, of the converted entity pursuant to the plan of conversion unless the shareholders have dissenters' rights pursuant to Section 1159 and Chapter 13 (commencing with Section 1300).

(d) Upon the effectiveness of the conversion, all shareholders of the converting corporation, except those that exercise dissenters' rights as provided in Section 1159 and Chapter 13 (commencing with Section 1300), shall be deemed parties to any agreement or agreements constituting the governing documents for the converted entity adopted as part of the plan of conversion, irrespective of whether or not a shareholder has executed the plan of conversion or those governing documents for the converted entity. Any adoption of governing documents made pursuant thereto shall be effective at the effective time or date of the conversion.

(e) Notwithstanding its prior approval by the board and the outstanding shares or either of them, a plan of conversion may be amended before the conversion takes effect if the amendment is approved by the board and, if it changes any of the principal terms of the plan of conversion, by the shareholders of the converting corporation in the same manner and to the same extent as was required for approval of the original plan of conversion.

(f) A plan of conversion may be abandoned by the board of a converting corporation, or by the shareholders of a converting corporation if the abandonment is approved by the outstanding shares, in each case in the same manner as required for approval of the plan of conversion, subject to the contractual rights of third parties, at any time before the conversion is effective.

(g) The converted entity shall keep the plan of conversion at (1) the principal place of business of the converted entity if the converted entity is a domestic partnership or (2) at the office at which records are to be kept under Section 15614 if the converted entity is a domestic limited partnership or at the office at which records are to be kept under Section 17057 if the converted entity is a domestic limited liability company. Upon the request of a shareholder of a converting corporation, the authorized person on behalf of the converted entity shall promptly

deliver to the shareholder, at the expense of the converted entity, a copy of the plan of conversion. A waiver by a shareholder of the rights provided in this subdivision shall be unenforceable.

1153. (a) After the approval, as provided in Section 1152, of a plan of conversion by the board and the outstanding shares of a corporation converting into a domestic other business entity, the converting corporation shall cause the filing of all documents required by law to effect the conversion and create the converted entity, which documents shall include a certificate of conversion or a statement of conversion as required by Section 1155, and the conversion shall thereupon be effective.

(b) A copy of the statement of partnership authority, certificate of limited partnership, or articles of organization complying with Section 1155, duly certified by the Secretary of State on or after the effective date, is conclusive evidence of the conversion of the corporation.

1155. (a) To convert a corporation:

(1) If the corporation is converting into a domestic limited partnership, a statement of conversion shall be completed on the certificate of limited partnership for the converted entity.

(2) If the corporation is converting into a domestic partnership, a statement of conversion shall be completed on the statement of partnership authority for the converted entity, or if no statement of partnership authority is filed then a certificate of conversion shall be filed separately.

(3) If the corporation is converting into a domestic limited liability company, a statement of conversion shall be completed on the articles of organization for the converted entity.

(b) Any statement or certificate of conversion of a converting corporation shall be executed and acknowledged by those officers of the converting corporation as would be required to sign an officers' certificate (Section 173), and shall set forth all of the following:

(1) The name and the Secretary of State's file number of the converting corporation.

(2) A statement of the total number of outstanding shares of each class entitled to vote on the conversion, that the principal terms of the plan of conversion were approved by a vote of the number of shares of each class which equaled or exceeded the vote required under Section 1152, specifying each class entitled to vote and the percentage vote required of each class.

(3) The name, form, and jurisdiction of organization of the converted entity.

(c) For the purposes of this chapter, the certificate of conversion shall be on a form prescribed by the Secretary of State.



(d) The filing with the Secretary of State of a statement of conversion on an organizational document or a certificate of conversion as set forth in subdivision (a) shall have the effect of the filing of a certificate of dissolution by the converting corporation and no converting corporation that has made the filing is required to file a certificate of election under Section 1901 or a certificate of dissolution under Section 1905 as a result of that conversion.

(e) No statement or certificate of conversion shall be filed with the Secretary of State until there has been filed by or on behalf of the converting corporation the certificate of satisfaction of the Franchise Tax Board that all taxes imposed by the Bank and Corporation Tax Law (Part 11 (commencing with Section 23001) of Division 2 of the Revenue and Taxation Code) have been paid or secured. Notwithstanding the foregoing, if the converted entity is a domestic partnership, domestic limited partnership or domestic limited liability company, the Secretary of State shall file the statement or certificate of conversion without the certificate of satisfaction of the Franchise Tax Board and shall notify the Franchise Tax Board of the conversion. Upon the effectiveness of a conversion pursuant to this chapter, a converted entity that is a domestic partnership, domestic limited partnership or domestic limited liability company shall be deemed to have assumed the liability of the converting corporation (1) to prepare and file or cause to be prepared and filed all tax and information returns otherwise required of the converting corporation under the Bank and Corporation Tax Law (Part 11 (commencing with Section 23001) of Division 2 of the Revenue and Taxation Code) and (2) to pay any tax liability determined to be due pursuant to that law.

1156. (a) Whenever a corporation or other business entity having any real property in this state converts into a corporation or an other business entity pursuant to the laws of this state or of the state or place in which the corporation or other business entity was organized, and the laws of the state or place of organization, including this state, of the converting corporation or other converting entity provide substantially that the conversion vests in the converted corporation or other converted entity all the real property of the converting corporation or other converting entity, the filing for record in the office of the county recorder of any county in this state in which any of the real property of the converting corporation or other converting entity is located of either (1) a certificate of conversion or a statement of partnership authority, certificate of limited partnership or articles of organization containing a statement of conversion complying with Section 1155 and certified on or after the effective date of the conversion by the Secretary of State or (2) a copy of a certificate of conversion or a statement of partnership authority, certificate of limited partnership, articles of organization,



articles of incorporation, or other comparable organizing document evidencing the creation of a foreign other business entity or foreign corporation, containing a statement of conversion, meeting the requirements of subdivision (b) and certified on or after the effective date of the conversion by the Secretary of State or any other authorized public official of the state or place pursuant to the laws of which the converted entity is organized, shall evidence record ownership in the converted corporation or other converted entity of all interest of the converting corporation or other converting entity in and to the real property located in that county.

(b) A filed and, if appropriate, recorded certificate of conversion or a statement of partnership authority, certificate of limited partnership, articles of organization, articles of incorporation, or other comparable organizing document evidencing the formation of a foreign other business entity or a foreign corporation referred to in clause (2) of subdivision (a) above which contains a statement of conversion, stating the name of the converting corporation or other converting entity in whose name property was held before the conversion and the name of the converted entity or converted corporation, but not containing all of the other information required by Section 1155, operates with respect to the converted entity named to the extent provided in subdivision (a).

(c) Recording of a certificate of conversion or a statement of partnership authority, certificate of limited partnership, articles of organization, articles of incorporation, or other comparable organizing document evidencing the creation of an other business entity or a corporation, containing a statement of conversion, in accordance with subdivision (a), shall create, in favor of bona fide purchasers or encumbrances for value, a conclusive presumption that the conversion was validly completed.

1157. (a) An other business entity or a foreign other business entity or a foreign corporation may be converted into a corporation pursuant to this chapter only if the converting entity is authorized by the laws under which it is organized to effect the conversion.

(b) An other business entity or a foreign other business entity or a foreign corporation that desires to convert into a corporation shall approve a plan of conversion or other instrument as is required to be approved to effect the conversion pursuant to the laws under which that entity is organized.

(c) The conversion of an other business entity or a foreign other business entity or a foreign corporation shall be approved by the number or percentage of the partners, members, shareholders, or other holders of interest of the converting entity that is required by the laws under which that entity is organized, or a greater or lesser percentage as may be set forth in the converting entity's partnership agreement, articles of

organization, operating agreement, articles of incorporation or other governing document in accordance with applicable laws.

(d) The conversion by an other business entity or a foreign other business entity or a foreign corporation shall be effective under this chapter upon the filing with the Secretary of State of the articles of incorporation of the converted corporation, containing a statement of conversion that complies with subdivision (e).

(e) A statement of conversion of an entity converting into a corporation pursuant to this chapter shall set forth all of the following:

(1) The name, form, and jurisdiction of organization of the converting entity.

(2) The Secretary of State's file number, if any, of the converting entity.

(3) If the converting entity is a foreign other business entity or a foreign corporation, the statement of conversion shall contain the following:

(A) A statement that the converting entity is authorized to effect the conversion by the laws under which it is organized.

(B) A statement that the converting entity has approved a plan of conversion or other instrument as is required to be approved to effect the conversion pursuant to the laws under which the converting entity is organized.

(C) A statement that the conversion has been approved by the number or percentage of the partners, members, shareholders, or other holders of interest of the converting entity that is required by the laws under which that entity is organized, or a greater or lesser percentage as may be set forth in the converting entity's partnership agreement, articles of organization, operating agreement, articles of incorporation, or other governing document in accordance with applicable laws.

(f) The filing with the Secretary of State of articles of incorporation containing a statement pursuant to subdivision (e) shall have the effect of the filing of a certificate of cancellation by a converting foreign limited liability company or foreign limited partnership, and no converting foreign limited liability company or foreign limited partnership that has made the filing is required to file a certificate of cancellation under Section 15696 or 17455 as a result of that conversion. If a converting entity is a foreign corporation qualified to transact business in this state, the foreign corporation shall, by virtue of the filing, automatically surrender its right to transact intrastate business.

1158. (a) An entity that converts into another entity pursuant to this chapter is for all purposes other than for the purposes of Part 10 (commencing with Section 17001) of, Part 10.20 (commencing with Section 18401) of, and Part 11 (commencing with Section 23001) of,

Division 2 of the Revenue and Taxation Code, the same entity that existed before the conversion.

(b) Upon a conversion taking effect, all of the following apply:

(1) All the rights and property, whether real, personal, or mixed, of the converting entity or converting corporation are vested in the converted entity or converted corporation.

(2) All debts, liabilities, and obligations of the converting entity or converting corporation continue as debts, liabilities, and obligations of the converted entity or converted corporation.

(3) All rights of creditors and liens upon the property of the converting entity or converting corporation shall be preserved unimpaired and remain enforceable against the converted entity or converted corporation to the same extent as against the converting entity or converting corporation as if the conversion had not occurred.

(4) Any action or proceeding pending by or against the converting entity or converting corporation may be continued against the converted entity or converted corporation as if the conversion had not occurred.

(c) A shareholder of a converting corporation is liable for:

(1) All obligations of the converting corporation for which the shareholder was personally liable before the conversion, but only to the extent that the shareholder was personally liable for the obligations of the converting corporation before the conversion.

(2) All obligations of the converted entity incurred after the conversion takes effect if (A) the shareholder becomes a general partner of a converted entity that is a general or limited partnership and, as a general partner, has liability under the laws under which the converted entity is organized or under the converted entity's governing documents or (B) the shareholder becomes a holder of other interests in the converted entity and, as a holder, has liability under the laws under which the converted entity is organized or under the converted entity's governing documents.

(d) A shareholder of a converted corporation remains liable for any and all obligations of the converting entity for which the shareholder was personally liable before the conversion, but only to the extent that the shareholder was personally liable for the obligations of the converting entity prior to the conversion.

(e) If a party to a transaction with a converted corporation that converted from a partnership reasonably believes when entering into the transaction that a shareholder of the converted corporation continues to be a general partner of the converting entity after the conversion is effective, and the shareholder was a general partner of the partnership that converted into the converted corporation, the shareholder is liable for an obligation incurred by the converted corporation within 90 days after the conversion takes effect. The shareholder's liability for all other

obligations of the converted corporation incurred after the conversion takes effect is that of a shareholder of a corporation.

(f) The converted entity shall cause written notice of the conversion to be given by mail within 90 days after the effective date of the conversion to all known creditors and claimants whose addresses appear on the records of the converting entity. Failure to comply with this subdivision shall not affect the validity of the conversion, extend the 90-day period set forth in subdivision (e), or otherwise affect the rights of a creditor or claimant under this section.

1159. The shareholders of a converting corporation shall have all of the rights under Chapter 13 (commencing with Section 1300) of the shareholders of a corporation involved in a reorganization requiring the approval of its outstanding shares (Section 152), and the converting corporation shall have all of the obligations under Chapter 13 (commencing with Section 1300) of a corporation involved in the reorganization. Solely for purposes of applying the provisions of Chapter 13 (and not for purposes of Chapter 12), a conversion pursuant to Section 1151 or 1157 shall be deemed to constitute a reorganization.

1160. (a) Notwithstanding any other provision of law, the Secretary of State shall charge an entity a fee not to exceed two hundred fifty dollars (\$250) for its conversion made under this chapter.

(b) This section shall remain in effect only until January 1, 2005, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2005, deletes or extends that date.

1160. (a) Notwithstanding any other provision of law, the Secretary of State shall charge an entity a fee not to exceed one hundred fifty dollars (\$150) for its conversion made under this chapter.

(b) This section shall become operative on January 1, 2005.

SEC. 7. Section 1313 is added to the Corporations Code, to read:

1313. A conversion pursuant to Chapter 11.5 (commencing with Section 1150) shall be deemed to constitute a reorganization for purposes of applying the provisions of this chapter, in accordance with and to the extent provided in Section 1159.

SEC. 8. Section 2115 of the Corporations Code is amended to read:

2115. (a) A foreign corporation (other than a foreign association or foreign nonprofit corporation but including a foreign parent corporation even though it does not itself transact intrastate business) is subject to the requirements of subdivision (b) commencing on the date specified in subdivision (d) and continuing until the date specified in subdivision (e) if:

(1) the average of the property factor, the payroll factor, and the sales factor (as defined in Sections 25129, 25132, and 25134 of the Revenue and Taxation Code) with respect to it is more than 50 percent during its latest full income year and

(2) more than one-half of its outstanding voting securities are held of record by persons having addresses in this state appearing on the books of the corporation on the record date for the latest meeting of shareholders held during its latest full income year or, if no meeting was held during that year, on the last day of the latest full income year. The property factor, payroll factor, and sales factor shall be those used in computing the portion of its income allocable to this state in its franchise tax return or, with respect to corporations the allocation of whose income is governed by special formulas or that are not required to file separate or any tax returns, which would have been so used if they were governed by this three-factor formula. The determination of these factors with respect to any parent corporation shall be made on a consolidated basis, including in a unitary computation (after elimination of intercompany transactions) the property, payroll, and sales of the parent and all of its subsidiaries in which it owns directly or indirectly more than 50 percent of the outstanding shares entitled to vote for the election of directors, but deducting a percentage of the property, payroll, and sales of any subsidiary equal to the percentage minority ownership, if any, in the subsidiary. For the purpose of this subdivision, any securities held to the knowledge of the issuer in the names of broker-dealers, nominees for broker-dealers (including clearing corporations), or banks, associations, or other entities holding securities in a nominee name or otherwise on behalf of a beneficial owner (collectively "nominee holders"), shall not be considered outstanding. However, if the foreign corporation requests all nominee holders to certify, with respect to all beneficial owners for whom securities are held, the number of shares held for those beneficial owners having addresses (as shown on the records of the nominee holder) in this state and outside of this state, then all shares so certified shall be considered outstanding and held of record by persons having addresses either in this state or outside of this state as so certified, provided that the certification so provided shall be retained with the record of shareholders and made available for inspection and copying in the same manner as is provided in Section 1600 with respect to that record. A current list of beneficial owners of a foreign corporation's securities provided to the corporation by one or more nominee holders or their agent pursuant to the requirements of Rule 14b-1(b)(3) or 14b-2(b)(3) as adopted on January 6, 1992, promulgated under the Securities Exchange Act of 1934, shall constitute an acceptable certification with respect to beneficial owners for the purposes of this subdivision.

(b) Except as provided in subdivision (c), the following chapters and sections of this division shall apply to a foreign corporation as defined in subdivision (a) (to the exclusion of the law of the jurisdiction in which it is incorporated):

Chapter 1 (general provisions and definitions), to the extent applicable to the following provisions;

Section 301 (annual election of directors);

Section 303 (removal of directors without cause);

Section 304 (removal of directors by court proceedings);

Section 305, subdivision (c) (filling of director vacancies where less than a majority in office elected by shareholders);

Section 309 (directors' standard of care);

Section 316 (excluding paragraph (3) of subdivision (a) and paragraph (3) of subdivision (f)) (liability of directors for unlawful distributions);

Section 317 (indemnification of directors, officers, and others);

Sections 500 to 505, inclusive (limitations on corporate distributions in cash or property);

Section 506 (liability of shareholder who receives unlawful distribution);

Section 600, subdivisions (b) and (c) (requirement for annual shareholders' meeting and remedy if same not timely held);

Section 708, subdivisions (a), (b), and (c) (shareholder's right to cumulate votes at any election of directors);

Section 710 (supermajority vote requirement);

Section 1001, subdivision (d) (limitations on sale of assets);

Section 1101 (provisions following subdivision (e)) (limitations on mergers);

Section 1151 (first sentence only) (limitations on conversions);

Section 1152 (requirements of conversions);

Chapter 12 (commencing with Section 1200) (reorganizations);

Chapter 13 (commencing with Section 1300) (dissenters' rights);

Sections 1500 and 1501 (records and reports);

Section 1508 (action by Attorney General);

Chapter 16 (commencing with Section 1600) (rights of inspection).

(c) This section does not apply to any corporation (1) with outstanding securities listed on the New York Stock Exchange or the American Stock Exchange, or (2) with outstanding securities designated as qualified for trading on the Nasdaq National Market (or any successor thereto) of the Nasdaq Stock Market operated by the Nasdaq Stock Market Inc., or (3) if all of its voting shares (other than directors' qualifying shares) are owned directly or indirectly by a corporation or corporations not subject to this section.

(d) For purposes of subdivision (a), the requirements of subdivision (b) shall become applicable to a foreign corporation only upon the first day of the first income year of the corporation (1) commencing on or after the 135th day of the income year immediately following the latest income year with respect to which the tests referred to in subdivision (a) have been met or (2) commencing on or after the entry of a final order

by a court of competent jurisdiction declaring that those tests have been met.

(e) For purposes of subdivision (a), the requirements of subdivision (b) shall cease to be applicable to a foreign corporation (1) at the end of the first income year of the corporation immediately following the latest income year with respect to which at least one of the tests referred to in subdivision (a) is not met or (2) at the end of the income year of the corporation during which a final order has been entered by a court of competent jurisdiction declaring that one of those tests is not met, provided that a contrary order has not been entered before the end of the income year.

(f) Any foreign corporation that is subject to the requirements of subdivision (b) shall advise any shareholder of record, any officer, director, employee, or other agent (within the meaning of Section 317) and any creditor of the corporation in writing, within 30 days of receipt of written request for that information, whether or not it is subject to subdivision (b) at the time the request is received. Any party who obtains a final determination by a court of competent jurisdiction that the corporation failed to provide to the party information required to be provided by this subdivision or provided the party information of the kind required to be provided by this subdivision that was incorrect, then the court, in its discretion, shall have the power to include in its judgment recovery by the party from the corporation of all court costs and reasonable attorneys' fees incurred in that legal proceeding to the extent they relate to obtaining that final determination.

SEC. 9. Section 15677.2 of the Corporations Code is amended to read:

15677.2. (a) A limited partnership may be converted into another business entity or a foreign other business entity or a foreign limited partnership pursuant to this article if, (1) pursuant to a conversion into a domestic or foreign partnership or limited liability company or into a foreign limited partnership, each of the partners of the converting limited partnership receives a percentage interest in the profits and capital of the converted entity equal to that partner's percentage interest in profits and capital of the converting limited partnership as of the effective time of the conversion, and (2) pursuant to a conversion into an other business entity or foreign other business entity not specified in clause (1) above, both of the following occur: (A) each limited partnership interest of the same class is treated equally with respect to any distribution of cash, property, rights, interests, or securities of the converted entity, unless all limited partners of the class consent, and (B) the nonredeemable limited partnership interests of the converting limited partnership are converted only into nonredeemable interests or securities of the converted entity, unless all holders of the nonredeemable interests consent.



(b) The conversion of a limited partnership to an other business entity or a foreign other business entity or a foreign limited partnership may be effected only if both of the following conditions are satisfied:

(1) The law under which the converted entity will exist expressly permits the formation of that entity pursuant to a conversion.

(2) The limited partnership complies with all other requirements of any other law that applies to conversion to the converted entity.

SEC. 10. Section 15677.3 of the Corporations Code is amended to read:

15677.3. (a) A limited partnership that desires to convert to an other business entity or a foreign other business entity or a foreign limited partnership shall approve a plan of conversion. The plan of conversion shall state all of the following:

(1) The terms and conditions of the conversion.

(2) The place of the organization of the converted entity and of the converting limited partnership and the name of the converted entity after conversion.

(3) The manner of converting the limited and general partnership interests of each of the partners into shares of, securities of, or interests in, the converted entity.

(4) The provisions of the governing documents for the converted entity, including the partnership agreement, limited liability company articles of organization and operating agreement, or articles or certificate of incorporation if the converted entity is a corporation, to which the holders of interests in the converted entity are to be bound.

(5) Any other details or provisions that are required by the laws under which the converted entity is organized, or that are desired by the parties.

(b) The plan of conversion shall be approved by all general partners of the converting limited partnership and by a majority in interest of each class of limited partners of the converting limited partnership, unless a greater or lesser approval is required by the partnership agreement of the converting limited partnership. However, if the limited partners of the limited partnership would become personally liable for any obligations of the converted entity as a result of the conversion, the plan of conversion shall be approved by all of the limited partners of the converting limited partnership, unless the plan of conversion provides that all limited partners will have dissenters' rights as provided in Article 7.6 (commencing with Section 15679.1).

(c) Upon the effectiveness of the conversion, all partners of the converting limited partnership, except those that exercise dissenters' rights as provided in Article 7.6 (commencing with Section 15679.1), shall be deemed parties to any governing documents for the converted entity adopted as part of the plan of conversion, irrespective of whether or not the partner has executed the plan of conversion or the governing



documents for the converted entity. Any adoption of governing documents made pursuant thereto shall be effective at the effective time or date of the conversion.

(d) Notwithstanding its prior approval, a plan of conversion may be amended before the conversion takes effect if the amendment is approved by all general partners of the converting limited partnership and, if the amendment changes any of the principal terms of the plan of conversion, the amendment is approved by the limited partners of the converting limited partnership in the same manner and to the same extent as required for the approval of the original plan of conversion.

(e) The general partners of a converting limited partnership may, by unanimous approval at any time before the conversion is effective, in their discretion, abandon a conversion, without further approval by the limited partners, subject to the contractual rights of third parties other than limited partners.

(f) The converted entity shall keep the plan of conversion at the principal place of business of the converted entity if the converted entity is a domestic partnership or foreign other business entity, at the principal executive office of, or registrar or transfer agent of, the converted entity, if the converted entity is a domestic corporation, or at the office at which records are to be kept under Section 17057 if the converted entity is a domestic limited liability company. Upon the request of a partner of a converting limited partnership, the authorized person on behalf of the converted entity shall promptly deliver to the partner or the holder of shares, interests, or other securities, at the expense of the converted entity, a copy of the plan of conversion. A waiver by a partner of the rights provided in this subdivision shall be unenforceable.

SEC. 11. Section 15677.6 of the Corporations Code is amended to read:

15677.6. (a) Upon conversion of a limited partnership one of the following applies:

(1) If the limited partnership is converting into a domestic limited liability company, a statement of conversion shall be completed on the articles of organization for the converted entity.

(2) If the limited partnership is converting into a domestic partnership, a statement of conversion shall be completed on the statement of partnership authority for the converted entity, or if no statement of partnership authority is filed, then a certificate of conversion shall be filed separately.

(3) If the limited partnership is converting into a domestic corporation, a statement of conversion shall be completed on the articles of incorporation for the converted entity.

(4) If the limited partnership is converting to a foreign limited partnership or foreign other business entity, a certificate of conversion shall be filed with the Secretary of State.

(b) Any certificate or statement of conversion shall be executed and acknowledged by all general partners, unless a lesser number is provided in the certificate of limited partnership, and shall set forth all of the following:

(1) The name and the Secretary of State's file number of the converting limited partnership.

(2) A statement that the principal terms of the plan of conversion were approved by a vote of the partners, which equaled or exceeded the vote required under Section 15677.3, specifying each class entitled to vote and the percentage vote required of each class.

(3) The form of organization of the converted entity.

(4) The mailing address of the converted entity's agent for service of process and the chief executive office of the converted entity.

(c) The filing with the Secretary of State of a certificate of conversion or a statement of partnership authority, articles of organization, or articles or certificate of incorporation containing a statement of conversion as set forth in subdivision (a) shall have the effect of the filing of a certificate of cancellation by the converting limited partnership and no converting limited partnership that has made the filing is required to file a certificate of dissolution or a certificate of cancellation under Section 15623 as a result of that conversion.

SEC. 12. Section 15677.7 of the Corporations Code is amended to read:

15677.7. (a) Whenever a limited partnership or other business entity having any real property in this state converts into a limited partnership or an other business entity pursuant to the laws of this state or of the state or place in which the limited partnership or other business entity was organized, and the laws of the state or place of organization, including this state, of the converting limited partnership or other converting entity provide substantially that the conversion vests in the converted limited partnership or other converted entity all the real property of the converting limited partnership or other converting entity, the filing for record in the office of the county recorder of any county in this state in which any of the real property of the converting limited partnership or other converting entity is located of either (1) a certificate of conversion or statement of partnership authority, a certificate of limited partnership, articles of incorporation, or articles of organization complying with Section 15677.6, in the form prescribed and certified by the Secretary of State, or (2) a copy of a certificate of conversion or a statement of partnership authority, certificate of limited partnership, articles of organization, articles or certificate of incorporation, or other

certificate or document evidencing the creation of a foreign other business entity or foreign limited partnership by conversion, containing a statement of conversion, certified by the Secretary of State or an authorized public official of the state or place pursuant to the laws of which the conversion is effected, shall evidence record ownership in the converted limited partnership or other converted entity of all interest of the converting limited partnership or other converting entity in and to the real property located in that county.

(b) A filed and, if appropriate, recorded certificate of conversion or a statement of partnership authority, certificate of limited partnership, articles of organization, articles or certificate of incorporation, or other certificate evidencing the creation of a foreign other business entity or foreign limited partnership by conversion, containing a statement of conversion, filed pursuant to subdivision (a) of Section 15677.6, stating the name of the converting limited partnership or other converting entity in whose name property was held before the conversion and the name of the converted entity or converted limited partnership, but not containing all of the other information required by Section 15677.6, operates with respect to the entities named to the extent provided in subdivision (a).

(c) Recording of a certificate of conversion, or a statement of partnership authority, certificate of limited partnership, articles of organization, articles or certificate of incorporation, or other certificate evidencing the creation of an other business entity or a limited partnership by conversion, containing a statement of conversion, in accordance with subdivision (a), shall create, in favor of bona fide purchasers or encumbrances for value, a conclusive presumption that the conversion was validly completed.

SEC. 13. Section 15677.8 of the Corporations Code is amended to read:

15677.8. (a) An other business entity or a foreign other business entity or a foreign limited partnership may be converted to a domestic limited partnership pursuant to this article only if the converting entity is authorized by the laws under which it is organized to effect the conversion.

(b) An other business entity or a foreign other business entity or a foreign limited partnership that desires to convert into a domestic limited partnership shall approve a plan of conversion or an other instrument as is required to be approved to effect the conversion pursuant to the laws under which that entity is organized.

(c) The conversion of an other business entity or a foreign other business entity or a foreign limited partnership into a domestic limited partnership shall be approved by the number or percentage of the partners, members, shareholders, or holders of interest of the converting entity as is required by the laws under which that entity is organized, or

a greater or lesser percentage, subject to applicable laws, as set forth in the converting entity's partnership agreement, articles of organization, operating agreement, articles or certificate of incorporation, or other governing document.

(d) The conversion by an other business entity or a foreign other business entity or a foreign limited partnership into a domestic limited partnership shall be effective under this article at the time the conversion is effective under the laws under which the converting entity is organized as long as a certificate of limited partnership containing a statement of conversion has been filed with the Secretary of State. If the converting entity's governing law is silent as to the effectiveness of the conversion, the conversion shall be effective upon the completion of all acts required under this title to form a limited partnership.

(e) The filing with the Secretary of State of a certificate of conversion or a certificate of limited partnership containing a statement of conversion pursuant to subdivision (a) shall have the effect of the filing of a certificate of cancellation by the converting foreign limited partnership or foreign limited liability company and no converting foreign limited partnership or foreign limited liability company that has made the filing is required to file a certificate of cancellation under Section 15696 or 17455 as a result of that conversion. If a converting other business entity is a foreign corporation qualified to transact business in this state, the foreign corporation shall, by virtue of the filing, automatically surrender its right to transact intrastate business.

SEC. 14. Section 15677.9 of the Corporations Code is amended to read:

15677.9. (a) An entity that converts into another entity pursuant to this article is for all purposes the same entity that existed before the conversion.

(b) Upon a conversion taking effect, all of the following apply:

(1) All the rights and property, whether real, personal, or mixed, of the converting entity or converting limited partnership are vested in the converted entity or converted limited partnership.

(2) All debts, liabilities, and obligations of the converting entity or converting limited partnership continue as debts, liabilities, and obligations of the converted entity or converted limited partnership.

(3) All rights of creditors and liens upon the property of the converting entity or converting limited partnership shall be preserved unimpaired and remain enforceable against the converted entity or converted limited partnership to the same extent as against the converting entity or converting limited partnership as if the conversion had not occurred.

(4) Any action or proceeding pending by or against the converting entity or converting limited partnership may be continued against the

converted entity or converted limited partnership as if the conversion had not occurred.

(c) A partner of a converting limited partnership is liable for:

(1) All obligations of the converting limited partnership for which the partner was personally liable before the conversion.

(2) All obligations of the converted entity incurred after the conversion takes effect, but those obligations may be satisfied only out of property of the entity if that partner is a limited partner, or a shareholder in a corporation, or unless expressly provided otherwise in the articles of organization or other governing documents, a member of a limited liability company, or a holder of equity securities in an other converted entity if the holders of equity securities in that entity are not personally liable for the obligations of that entity under the law under which the entity is organized or its governing documents.

(d) A partner of a converted limited partnership remains liable for any and all obligations of the converting entity for which the partner was personally liable before the conversion, but only to the extent that the partner was liable for the obligations of the converting entity prior to the conversion.

(e) If the other party to a transaction with the limited partnership reasonably believes when entering the transaction that the limited partner is a general partner, the limited partner is liable for an obligation incurred by the limited partnership within 90 days after the conversion takes effect. The limited partner's liability for all other obligations of the limited partnership incurred after the conversion takes effect is that of a limited partner.

SEC. 15. Section 16902 of the Corporations Code is amended to read:

16902. (a) A partnership, other than a registered limited liability partnership, may be converted into a domestic other business entity or a foreign other business entity pursuant to this article if, (1) pursuant to a conversion into a domestic or foreign limited partnership or limited liability company, each of the partners of the converting partnership would receive a percentage interest in the profits and capital of the converted other business entity equal to the partner's percentage interest in profits and capital of the converting partnership as of the effective time of the conversion, and (2) pursuant to a conversion into an other business entity or foreign other business entity not specified in clause (1) above, each of the partnership interests of the same class is treated equally with respect to any distribution of cash, property, rights, interests, or securities of the converted other business entity unless all partners of the same class consent.

(b) Notwithstanding this section, the conversion of a partnership to a domestic or foreign other business entity may be effected only if: (1)

the law under which that domestic or foreign other business entity will exist expressly permits the formation of that other entity pursuant to a conversion; and (2) the partnership complies with any and all other requirements of that other law that applies to conversion of the other business entity.

SEC. 16. Section 16903 of the Corporations Code is amended to read:

16903. (a) A partnership that desires to convert to a domestic or foreign other business entity shall approve a plan of conversion. The plan of conversion shall state the following:

(1) The terms and conditions of the conversion.

(2) The place of the organization of the converted entity and of the converting partnership and the name of the converted entity after conversion, if different from that of the converting partnership.

(3) The manner of converting the partnership interests of each of the partners into shares of, securities of, or interests in the converted entity.

(4) The provisions of the governing documents for the converted entity, including the limited partnership agreement, limited liability company articles of organization and operating agreement, or articles or certificate of incorporation if the converted entity is a corporation, to which the holders of interest in the converted entity are to be bound.

(5) Any other details or provisions as are required by laws under which the converted entity is organized.

(6) Any other details or provisions that are desired.

(b) The plan of conversion shall be approved by that number or percentage of partners required by the partnership agreement to approve a conversion of the partnership as set forth in the partnership agreement. If the partnership agreement fails to specify the required partner approval for a conversion of the partnership, the plan of conversion shall be approved by that number or percentage of partners required by the partnership agreement to approve an amendment to the partnership agreement unless the conversion effects a change for which the partnership agreement requires a greater number or percentage of partners than that required to amend the partnership agreement, in which case the plan of conversion shall be approved by that greater number or percentage. If the partnership agreement fails to specify the vote required to amend the partnership agreement, the plan of conversion shall be approved by all partners.

(c) If the partnership is converting into a limited partnership, in addition to the approval of the partners as set forth in subdivision (b), the plan of conversion shall be approved by all partners who will become general partners of the converted limited partnership pursuant to the plan of conversion.

(d) All partners of the converting partnership except those that dissociate upon effectiveness of the conversion pursuant to subdivision (e) of Section 16909 shall be deemed parties to any partnership or operating agreement, articles or certificate of incorporation, or organic document for the converted entity adopted as part of the plan of conversion, regardless of whether that partner has executed the plan of conversion or the operating agreement, articles or certificate of incorporation, partnership agreement, or other organic document for the converted entity. Any adoption of a new partnership or operating agreement, articles or certificate of incorporation, or other organic document made pursuant to the foregoing sentence shall be effective at the effective time or date of the conversion.

(e) Notwithstanding its prior approval, a plan of conversion may be amended before the conversion takes effect if the amendment is approved by the partnership in the same manner, and by the same number or percentage of partners, as was required for approval of the original plan of conversion.

(f) The partners of a converting partnership may, at any time before the conversion is effective, in their discretion, abandon a conversion, without further approval by the partners, in the same manner, and by the same number or percentage of partners, as was required for approval of the original plan of conversion at any time before the conversion is effective, subject to the contractual rights of third parties.

(g) The converted entity shall keep the plan of conversion at: (1) the principal place of business of the converted entity, if the converted entity is a foreign other business entity or a corporation; or (2) the office at which records are to be kept under Section 15614 if the converted entity is a domestic limited partnership, or at the office at which records are to be kept under Section 17057 if the converted entity is a domestic limited liability company. Upon the request of a partner of a converting partnership, the authorized person on behalf of the converted entity shall promptly deliver to the partner or the holder of interests or other securities, at the expense of the converted entity, a copy of the plan of conversion. A waiver by a partner of the rights provided in this subdivision shall be unenforceable.

SEC. 17. Section 16904 of the Corporations Code is amended to read:

16904. (a) A conversion into a domestic other business entity shall become effective upon the earliest date that all of the following shall have occurred:

(1) The approval of the plan of conversion by the partners of the converting partnership as provided in Section 16903.



(2) The filing of all documents required by law to create the converted other business entity, which documents shall also contain a statement of conversion, if required under Section 16906.

(3) The effective date, if set forth in the plan of conversion, shall have occurred.

(b) A copy of the certificate of limited partnership, articles of organization, or articles of incorporation, complying with Section 16906, if applicable, duly certified by the Secretary of State, is conclusive evidence of the conversion of the partnership.

SEC. 18. Section 16905 of the Corporations Code is amended to read:

16905. (a) The conversion of a partnership into a foreign other business entity shall comply with Section 16902.

(b) If the partnership is converting into a foreign other business entity, then the conversion proceedings shall be in accordance with the laws of the state or place of organization of the foreign other business entity and the conversion shall become effective in accordance with that law.

(c) (1) Unless a statement of conversion has been filed to effect the conversion, the converted foreign other business entity shall promptly notify the Secretary of State of the mailing address of its agent for service of process, its chief executive office, and of any change of address. To enforce an obligation of a partnership that has converted to a foreign other business entity, the Secretary of State shall only be the agent for service of process in an action or proceeding against the converted foreign other business entity, if the agent designated for the service of process for that entity is a natural person and cannot be found with due diligence or if the agent is a corporation and no person, to whom delivery may be made, may be located with due diligence, or if no agent has been designated and if no one of the officers, partners, managers, members, or agents of that entity may be located after diligent search, and it is so shown by affidavit to the satisfaction of the court. The court then may make an order that service be made by personal delivery to the Secretary of State or to an assistant or deputy Secretary of State of two copies of the process together with two copies of the order, and the order shall set forth an address to which the process shall be sent by the Secretary of State. Service in this manner is deemed complete on the 10th day after delivery of the process to the Secretary of State.

(2) Upon receipt of the process and order and the fee set forth in Section 12197 of the Government Code, the Secretary of State shall provide notice to the entity of the service of the process by forwarding by certified mail, return receipt requested, a copy of the process and order to the address specified in the order.

(3) The Secretary of State shall keep a record of all process served upon the Secretary of State and shall record therein the time of service



and the Secretary of State's action with respect thereto. The certificate of the Secretary of State, under the Secretary of State's official seal, certifying to the receipt of process, the providing of notice thereof to the entity, and the forwarding of the process, shall be competent and prima facie evidence of the matters stated therein.

SEC. 19. Section 16906 of the Corporations Code is amended to read:

16906. (a) If the converting partnership has filed a statement of partnership authority under Section 16303 that is effective at the time of the conversion, then upon conversion to a domestic limited partnership, limited liability company, or corporation, the certificate of limited partnership, articles of organization, or articles of incorporation filed by the converted entity, as applicable, shall contain a statement of conversion, in that form as may be prescribed by the Secretary of State. If the converting partnership has not filed a statement of partnership authority under Section 16303 that is effective at the time of the conversion, upon conversion to a domestic limited partnership, limited liability company, or corporation, the converted entity may, but is not required to file, on its certificate of limited partnership, articles of organization, or articles of incorporation, a statement of conversion. A statement of conversion shall set forth all of the following:

(1) The name and the Secretary of State's file number, if any, of the converting partnership.

(2) A statement that the principal terms of the plan of conversion were approved by a vote of the partners, which equaled or exceeded the vote required under Section 16903.

(b) A partnership converting to a foreign other business entity that has filed a statement of partnership authority under Section 16303 that is effective at the time of conversion may file a certificate of conversion with the Secretary of State. The certificate of conversion shall contain the following:

(1) The names of the converting partnership and the converted entity.

(2) The street address of the converted entity's chief executive office and of an office in this state, if any.

(3) The form of organization of the converted entity.

(c) The filing with the Secretary of State of a certificate of limited partnership, articles of organization, or articles of incorporation containing a statement of conversion as set forth in subdivision (a) or a certificate of conversion filed pursuant to subdivision (b) shall have the effect of the filing of a cancellation by the converting partnership of any statement of partnership authority filed by it.

SEC. 20. Section 16907 of the Corporations Code is amended to read:

16907. (a) Whenever a partnership or other business entity having any real property in this state converts into a partnership or an other business entity pursuant to the laws of this state or of the state or place in which the other business entity was organized, and the laws of the state or place of organization (including this state) of the converting partnership or other business entity provide substantially that the conversion of a converting entity vests in the converted partnership or other business entity all the real property of the converting partnership or converting other business entity, the filing for record in the office of the county recorder of any county in this state in which any of the real property of the converting partnership or converting other business entity is located of either (1) a certificate of conversion or a certificate of limited partnership, articles of organization, or articles of incorporation, complying with Section 16906, in the form prescribed by the Secretary of State, certified by the Secretary of State, or (2) a copy of a certificate of conversion or a certificate of limited partnership, articles of organization, articles or certificate of incorporation, or other certificate evidencing the creation of a foreign other business entity by conversion, containing a statement of conversion, certified by the Secretary of State or an authorized public official of the state or place pursuant to the laws of which the conversion is effected, shall evidence record ownership in the converted partnership or converted other business entity of all interest of the converting partnership or converting other business entity in and to the real property located in that county.

(b) A filed and, if appropriate, recorded certificate of conversion, certificate of limited partnership, articles of organization, articles or certificate of incorporation, or other certificate evidencing the creation of an other business entity by conversion, containing a statement of conversion, executed and declared to be accurate pursuant to subdivision (c) of Section 16105, stating the name of the converting partnership or converting other business entity in whose name property was held before the conversion and the name of the converted entity, but not containing all of the other information required by Section 16906, operates with respect to the entities named to the extent provided in subdivision (a).

(c) Recording of a certificate of conversion, a certificate of limited partnership, articles of organization, articles or certificate of incorporation, or other certificate evidencing the creation of another business entity by conversion, containing a statement of conversion, in accordance with Section 16902 shall create, in favor of bona fide purchasers or encumbrancers for value, a conclusive presumption that the conversion was validly completed.

SEC. 21. Section 16908 of the Corporations Code is amended to read:

16908. (a) A domestic limited partnership, limited liability company, or corporation, or a foreign other business entity may be converted to a domestic partnership pursuant to this article, but only if the converting entity is authorized by the laws under which it is organized to effect the conversion.

(b) An entity that desires to convert into a domestic partnership shall approve a plan of conversion or the instrument that is required to be approved to effect the conversion pursuant to the laws under which the entity is organized.

(c) The conversion of a domestic limited partnership, limited liability company, or corporation, or foreign other business entity shall be approved by the number or percentage of the partners, members, shareholders, or holders of interest of the converting entity as is required by the law under which the entity is organized, or a greater or lesser percentage (subject to applicable laws) as set forth in the limited partnership agreement, articles of organization, operating agreement, or articles or certificate of organization, or other governing document for the converting entity.

(d) The conversion by a domestic limited partnership, limited liability company, or corporation, or a foreign other business entity into a partnership shall be effective under this article at the time that the conversion is effective under the laws under which the converting entity is organized.

(e) The filing with the Secretary of State of a certificate of conversion or a statement of partnership authority containing a statement of conversion pursuant to subdivision (a) shall have the effect of the filing of a certificate of cancellation by the converting foreign limited partnership or foreign limited liability company, and no converting foreign limited partnership or foreign limited liability company that has made the filing is required to file a certificate of cancellation under Section 15696 or 17455 as a result of that conversion. If a converting other business entity is a foreign corporation qualified to transact business in this state, the foreign corporation shall, by virtue of the filing, automatically surrender its right to transact intrastate business.

SEC. 22. Section 16909 of the Corporations Code is amended to read:

16909. (a) An entity that converts into another entity pursuant to this article is for all purposes the same entity that existed before the conversion.

(b) When a conversion takes effect, all of the following apply:

(1) All the rights and property, whether real, personal, or mixed, of the converting entity remains vested in the converted entity.

(2) All debts, liabilities, and obligations of the converting entity continue as debts, liabilities, and obligations of the converted entity.

(3) All rights of creditors and liens upon the property of the converting entity shall be preserved unimpaired and remain enforceable against the converted entity to the same extent as against the converting entity as if the conversion had not occurred.

(4) Any action or proceeding pending by or against the converting entity may be continued against the converted entity as if the conversion had not occurred.

(c) A partner of a converting partnership is liable for:

(1) All obligations of the converting partnership for which the partner was personally liable before the conversion.

(2) All obligations of the converted entity incurred after the conversion takes effect, but those obligations may be satisfied only out of property of the entity if (A) the converted other business entity is a limited partnership and the partner becomes a limited partner, (B) the converted other business entity is a limited liability company and the partner becomes a member, unless the articles of organization or the operating agreement of the limited liability company provide otherwise, or (C) the converted other business entity is a corporation and the partner becomes a shareholder.

(d) A partner of a partnership that converted from an other business entity is liable for any and all obligations of the converting other business entity for which the partner was personally liable before the conversion, but only to the extent the partner was liable for the obligation of the converting entity prior to the conversion.

(e) A partner of a converting partnership, who does not vote in favor of the conversion and does not agree to become a partner, member, shareholder, or holder of interest of the converted other business entity shall have the right to dissociate from the partnership, as of the date the conversion takes effect. Within 10 days after the approval of the conversion by the partners as required under this article, the converting partnership shall send notice of the approval of the conversion to each partner that has not approved the conversion, accompanied by copies of Section 16701 and a brief description of the procedure to be followed under that section if the partner wishes to dissociate from the partnership. A partner that desires to dissociate from the converting partnership shall send written notice of that dissociation within 30 days after the date of the notice of the approval of the conversion. The converting partnership shall cause the partner's interest in the entity to be purchased under Section 16701. The converting partnership is bound under Section 16702 by an act of a general partner dissociated under this subdivision, and the partner is liable under Section 16703 for transactions entered into by the converted entity after the conversion takes effect. The dissociation of a partner in connection with a

conversion pursuant to the terms of this subdivision shall not be deemed to be a wrongful dissociation under Section 16602.

SEC. 23. Section 17540.2 of the Corporations Code is amended to read:

17540.2. (a) A limited liability company may be converted into an other business entity or a foreign other business entity or a foreign limited liability company pursuant to this chapter if, (1) pursuant to a conversion into a domestic or foreign general partnership or limited partnership or into a foreign limited liability company, each of the members of the converting limited liability company would receive a percentage interest in profits and capital of the converted entity equal to that member's percentage interest in profits and capital of the converting limited liability company as of the effective time of the conversion, and (2) pursuant to a conversion into an other business entity or foreign other business entity not specified in clause (1) above, both of the following occur: (A) each of the membership interests of the same class is treated equally with respect to any distribution of cash, property, rights, interests, or securities of the converted entity, unless all members of the class consent, and (B) the nonredeemable membership interests of the converting limited liability company are converted only into nonredeemable interests or securities of the converted entity, unless all holders of the nonredeemable interests consent.

(b) Notwithstanding this section, the conversion of a limited liability company to an other business entity or a foreign other business entity or a foreign limited liability company may be effected only if both of the following conditions are complied with:

(1) The law under which the converted entity will exist expressly permits the formation of that entity pursuant to a conversion.

(2) The limited liability company complies with any and all other requirements of any other law that applies to conversion to the converted entity.

SEC. 24. Section 17540.3 of the Corporations Code is amended to read:

17540.3. (a) A limited liability company that desires to convert to an other business entity or a foreign other business entity or a foreign limited liability company shall approve a plan of conversion.

The plan of conversion shall state all of the following:

(1) The terms and conditions of the conversion.

(2) The place of the organization of the converted entity and of the converting limited liability company and the name of the converted entity after conversion.

(3) The manner of converting the membership interests of each of the members into securities of, shares of, or interests in, the converted entity.

(4) The provisions of the governing documents for the converted entity, including the articles or certificate of incorporation if the converted entity is a domestic or foreign corporation, the partnership agreement, or the limited liability company articles of organization and operating agreement, to which the holders of interests in the converted entity are to be bound.

(5) Any other details or provisions that are required by the laws under which the converted entity is organized, or that are desired by the parties.

(b) The plan of conversion shall be approved by a vote of a majority in interest of the members of the converting limited liability company, or a greater percentage of the voting interests of members as may be specified in the articles of organization or written operating agreement of the converting limited liability company. However, if the members of the limited liability company would become personally liable for any obligations of the converted entity as a result of the conversion, the plan of conversion shall be approved by all of the members of the converting limited liability company, unless the plan of conversion provides that all members will have dissenters' rights as provided in Chapter 13 (commencing with Section 17600).

(c) If the limited liability company is converting into a limited partnership, then in addition to the approval of the members set forth in subdivision (b), the plan of conversion shall be approved by those members who will become general partners of the converted limited partnership pursuant to the plan of conversion.

(d) Upon the effectiveness of the conversion, all members of the converting limited liability company, except those that exercise dissenters' rights as provided in Chapter 13 (commencing with Section 17600), shall be deemed parties to any governing documents for the converted entity adopted as part of the plan of conversion, irrespective of whether or not a member has executed the plan of conversion or the governing documents for the converted entity. Any adoption of governing documents made pursuant thereto shall be effective at the effective time or date of the conversion.

(e) Notwithstanding its prior approval, a plan of conversion may be amended before the conversion takes effect if the amendment is approved by the members of the converting limited liability company in the same manner as was required for approval of the original plan of conversion.

(f) A plan of conversion may be abandoned by the members of a converting limited liability company in the manner as required for approval of the plan of conversion, subject to the contractual rights of third parties, at any time before the conversion is effective.

(g) The converted entity shall keep the plan of conversion at the principal place of business of the converted entity if the converted entity

is a domestic partnership or foreign other business entity, at the principal executive office of or registrar or transfer agent of the converted entity if the converted entity is a domestic corporation, or at the office at which records are to be kept under Section 15614 if the converted entity is a domestic limited partnership. Upon the request of a member of a converting limited liability company, the authorized person on behalf of the converted entity shall promptly deliver to the member or the holder of interests, shares, or other securities, at the expense of the converted entity, a copy of the plan of conversion. A waiver by a member of the rights provided in this subdivision shall be unenforceable.

SEC. 25. Section 17540.6 of the Corporations Code is amended to read:

17540.6. (a) Upon conversion of a limited liability company:

(1) If the limited liability company is converting into a domestic limited partnership, a statement of conversion shall be completed on the certificate of limited partnership for the converted entity.

(2) If the limited liability company is converting into a domestic partnership, a statement of conversion shall be completed on the statement of partnership authority for the converted entity, or if no statement of partnership authority is filed then a certificate of conversion shall be filed separately.

(3) If the limited liability company is converting to a domestic corporation, a statement of conversion shall be completed on the articles of incorporation for the converted entity.

(4) If the limited liability company is converting into a foreign limited liability company or foreign other business entity, a certificate of conversion shall be filed with the Secretary of State.

(b) Any certificate or statement of conversion shall be executed and acknowledged by all of the managers, unless a lesser number is provided in the articles of organization or the operating agreement of the converting limited liability company, and shall set forth all of the following:

(1) The name and the Secretary of State's file number of the converting limited liability company.

(2) A statement that the principal terms of the plan of conversion were approved by a vote of the members, which equaled or exceeded the vote required under Section 17540.3, specifying each class entitled to vote and the percentage vote required of each class.

(3) The form of organization of the converted entity.

(c) The filing with the Secretary of State of a certificate of conversion or an organizational document containing a statement of conversion as set forth in subdivision (a) shall have the effect of the filing of a certificate of cancellation by the converting limited liability company and no converting limited liability company that has made the filing is



required to file a certificate of dissolution or a certificate of cancellation under Section 17356 as a result of that conversion.

SEC. 26. Section 17540.7 of the Corporations Code is amended to read:

17540.7. (a) Whenever a limited liability company or other business entity having any real property in this state converts into a limited liability company or an other business entity pursuant to the laws of this state or of the state or place in which the limited liability company or other business entity was organized, and the laws of the state or place of organization, including this state, of the converting limited liability company or other converting entity provide substantially that the conversion vests in the converted limited liability company or other converted entity all the real property of the converting limited liability company or other converting entity, the filing for record in the office of the county recorder of any county in this state in which any of the real property of the converting limited liability company or other converting entity is located of either (1) a certificate of conversion, statement of partnership authority, certificate of limited partnership, or articles of organization complying with Section 17540.6, in the form prescribed and certified by the Secretary of State, or (2) a copy of a certificate of conversion, or a statement of partnership authority, certificate of limited partnership, articles of organization, articles or certificate of incorporation, or other certificate or document evidencing the creation of a foreign other business entity or foreign limited liability company by conversion, containing a statement of conversion, certified by the Secretary of State or an authorized public official of the state or place pursuant to the laws of which the conversion is effected, shall evidence record ownership in the converted limited liability company or other converted entity of all interest of the converting limited liability company or other converting entity in and to the real property located in that county.

(b) A filed and, if appropriate, recorded certificate of conversion, or a statement of partnership authority, certificate of limited partnership, articles of organization, articles or certificate of incorporation, or other certificate evidencing the formation of a foreign other business entity or a foreign limited liability company filed pursuant to Section 17540.6 containing a statement of conversion, stating the name of the converting limited liability company or other converting entity in whose name property was held before the conversion and the name of the converted entity or converted limited liability company, but not containing all of the other information required by Section 17540.6, operates with respect to the converted entities named to the extent provided in subdivision (a).

(c) Recording of a certificate of conversion or a statement of partnership authority, certificate of limited partnership, articles of



organization, or articles or certificate of incorporation, or other certificate evidencing the creation of an other business entity or a limited liability company by conversion, containing a statement of conversion, in accordance with subdivision (a), shall create, in favor of bona fide purchasers or encumbrances for value, a conclusive presumption that the conversion was validly completed.

SEC. 27. Section 17540.8 of the Corporations Code is amended to read:

17540.8. (a) An other business entity or a foreign other business entity or a foreign limited liability company may be converted to a domestic limited liability company pursuant to this chapter only if the converting entity is authorized by the laws under which it is organized to effect the conversion.

(b) An other business entity or a foreign other business entity or a foreign limited liability company that desires to convert into a domestic limited liability company shall approve a plan of conversion or an other instrument as is required to be approved to effect the conversion pursuant to the laws under which that entity is organized.

(c) The conversion of an other business entity or a foreign other business entity or a foreign limited liability company into a domestic limited liability company shall be approved by that number or percentage of the partners, members, shareholders, or holders of interest of the converting entity as is required by the laws under which that entity is organized, or a greater or lesser percentage, subject to applicable laws, as set forth in the converting entity's partnership agreement, articles of organization, operating agreement, articles or certificate of incorporation, or other governing document.

(d) The conversion by an other business entity or a foreign other business entity or a foreign limited liability company into a domestic limited liability company shall be effective under this chapter at the time the conversion is effective under the laws under which the converting entity is organized as long as the articles of organization containing a statement of conversion have been filed with the Secretary of State. If the converting entity's governing law is silent as to the effectiveness of the conversion, the conversion shall be effective upon the completion of all acts required under this title to form a limited liability company.

(e) The filing with the Secretary of State of a certificate of conversion or articles of organization containing a statement of conversion pursuant to subdivision (a) shall have the effect of the filing of a certificate of cancellation by the converting foreign limited liability company or foreign limited partnership, and no converting foreign limited liability company or foreign limited partnership that has made the filing is required to file a certificate of cancellation under Section 15696 or 17455 as a result of that conversion. If a converting other business entity is a

foreign corporation qualified to transact business in this state, the foreign corporation shall, by virtue of the filing, automatically surrender its right to transact intrastate business.

SEC. 28. Section 25005.1 of the Corporations Code is amended to read:

25005.1. "Entity conversion transaction" means a conversion pursuant to Section 1151, 1157, 15677.2, 15677.8, 16902, 16908, 17540.2, or 17540.8 unless the interests in the entity resulting from the conversion to be held by the equity holders of the entity being converted as a result of the conversion are not securities. For purposes of Sections 25103 and 25120 an entity conversion transaction is not a change in the rights, preferences, privileges, or restrictions of or on outstanding securities or an exchange of securities by the issuer with its existing security holders exclusively.

SEC. 28.5. Section 25005.1 of the Corporations Code is amended to read:

25005.1. "Entity conversion transaction" means a conversion pursuant to Section 1151, 1157, 15677.2, 15677.8, 16902, 16908, 17540.2., 17540.8, or a conversion that occurs entirely out of state, unless the interests in the entity resulting from the conversion to be held by the equity holders of the entity being converted as a result of the conversion are not securities. For purposes of Sections 25103 and 25120 an entity conversion transaction is not a change in the rights, preferences, privileges, or restrictions of or on outstanding securities or an exchange of securities by the issuer with its existing security holders exclusively.

SEC. 29. Section 12184 is added to the Government Code, to read:

12184. (a) The Secretary of State shall charge and collect a fee of two hundred fifty dollars (\$250) from an entity for its conversion made pursuant to Chapter 11.5 (commencing with Section 1150) of Division 1 of Title 1 of the Corporations Code.

(b) This section shall remain in effect only until January 1, 2005, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2005, deletes or extends that date.

SEC. 30. Section 12184 is added to the Government Code, to read:

12184. (a) The Secretary of State shall charge and collect a fee of one hundred fifty dollars (\$150) from an entity for its conversion made pursuant to Chapter 11.5 (commencing with Section 1150) of Division 1 of Title 1 of the Corporations Code.

(b) This section shall become operative on January 1, 2005.

SEC. 31. Section 28.5 of this bill incorporates amendments to Section 25005.1 of the Corporations Code proposed by both this bill and SB 1926. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2003, (2) each bill amends Section 25005.1 of the Corporations Code, and (3) this bill is enacted

after SB 1926, in which case Section 28 of this bill shall not become operative.

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CHAPTER 481

An act to amend Sections 2914, 4980.41, 4980.80, 4980.90, 4996.2, and 4996.17 of, to amend, repeal, and add Sections 2915 and 4996.22 of, and to add Section 4980.57 to, the Business and Professions Code, relating to healing arts.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 2914 of the Business and Professions Code is amended to read:

2914. Each applicant for licensure shall comply with all of the following requirements:

- (a) Is not subject to denial of licensure under Division 1.5.
- (b) Possess an earned doctorate degree (1) in psychology, (2) in education psychology, or (3) in education with the field of specialization in counseling psychology or educational psychology. Except as provided in subdivision (g), this degree or training shall be obtained from an accredited university, college, or professional school.

No educational institution shall be denied recognition as an accredited academic institution solely because its program is not accredited by any professional organization of psychologists, and nothing in this chapter or in the administration of this chapter shall require the registration with the board by educational institutions of their departments of psychology or their doctoral programs in psychology.

An applicant for licensure trained in an educational institution outside the United States or Canada shall demonstrate to the satisfaction of the board that he or she possesses a doctorate degree in psychology that is equivalent to a degree earned from a regionally accredited university in the United States or Canada. These applicants shall provide the board with a comprehensive evaluation of the degree performed by a foreign credential evaluation service that is a member of the National Association of Credential Evaluation Services (NACES), and any other documentation the board deems necessary.

- (c) Have engaged for at least two years in supervised professional experience under the direction of a licensed psychologist, the specific requirements of which shall be defined by the board in its regulations,

or under suitable alternative supervision as determined by the board in regulations duly adopted under this chapter, at least one year of which shall be after being awarded the doctorate in psychology. If the supervising licensed psychologist fails to provide verification to the board of the experience required by this subdivision within 30 days after being so requested by the applicant, the applicant may provide written verification directly to the board.

If the applicant sends verification directly to the board, the applicant shall file with the board a declaration of proof of service, under penalty of perjury, of the request for verification. A copy of the completed verification forms shall be provided to the supervising psychologist and the applicant shall prove to the board that a copy has been sent to the supervising psychologist by filing a declaration of proof of service under penalty of perjury, and shall file this declaration with the board when the verification forms are submitted.

Upon receipt by the board of the applicant's verification and declarations, a rebuttable presumption affecting the burden of producing evidence is created that the supervised, professional experience requirements of this subdivision have been satisfied. The supervising psychologist shall have 20 days from the day the board receives the verification and declaration to file a rebuttal with the board.

The authority provided by this subdivision for an applicant to file written verification directly shall apply only to an applicant who has acquired the experience required by this subdivision in the United States.

The board shall establish qualifications by regulation for supervising psychologists and shall review and approve applicants for this position on a case-by-case basis.

(d) Take and pass the examination required by Section 2941 unless otherwise exempted by the board under this chapter.

(e) Show by evidence satisfactory to the board that he or she has completed training in the detection and treatment of alcohol and other chemical substance dependency. This requirement applies only to applicants who matriculate on or after September 1, 1985.

(f) (1) Show by evidence satisfactory to the board that he or she has completed coursework in spousal or partner abuse assessment, detection, and intervention. This requirement applies to applicants who began graduate training during the period commencing on January 1, 1995, and ending on December 31, 2003.

(2) An applicant who began graduate training on or after January 1, 2004, shall show by evidence satisfactory to the board that he or she has completed a minimum of 15 contact hours of coursework in spousal or partner abuse assessment, detection, and intervention strategies, including knowledge of community resources, cultural factors, and same gender abuse dynamics. An applicant may request an exemption

from this requirement if he or she intends to practice in an area that does not include the direct provision of mental health services.

(3) Coursework required under this subdivision may be satisfactory if taken either in fulfillment of other educational requirements for licensure or in a separate course. This requirement for coursework shall be satisfied by, and the board shall accept in satisfaction of the requirement, a certification from the chief academic officer of the educational institution from which the applicant graduated that the required coursework is included within the institution's required curriculum for graduation.

(g) An applicant holding a doctoral degree in psychology from an approved institution is deemed to meet the requirements of this section if all of the following are true:

(1) The approved institution offered a doctoral degree in psychology designed to prepare students for a license to practice psychology and was approved by the Bureau for Private Postsecondary and Vocational Education on or before July 1, 1999.

(2) The approved institution has not, since July 1, 1999, had a new location, as described in Section 94721 of the Education Code.

(3) The approved institution is not a franchise institution, as defined in Section 94729.3 of the Education Code.

SEC. 2. Section 2915 of the Business and Professions Code is amended to read:

2915. (a) Except as provided in this section, on or after January 1, 1996, the board shall not issue any renewal license unless the applicant submits proof that he or she has completed no less than 18 hours of approved continuing education in the preceding year. On or after January 1, 1997, except as provided in this section, the board shall issue renewal licenses only to those applicants who have completed 36 hours of approved continuing education in the preceding two years.

(b) Each person renewing his or her license issued pursuant to this chapter shall submit proof of compliance with this section to the board. False statements submitted pursuant to this section shall be a violation of Section 2970.

(c) A person applying for relicensure or for reinstatement to an active license status shall certify under penalty of perjury that he or she is in compliance with this section.

(d) (1) The continuing education requirement shall include, but shall not be limited to, courses required pursuant to Sections 25 and 28. The requirement may include courses pursuant to Sections 32 and 2914.1 and those in spousal or partner abuse assessment, detection, and intervention.

(2) In the event the board establishes a requirement for continuing education coursework in spousal or partner abuse detection or treatment,

that requirement shall be met by each licensee within no more than four years from the date the requirement is imposed.

(3) Continuing education instruction approved to meet the requirements of this section shall be completed within the State of California, or shall be approved for continuing education credit by the American Psychological Association or its equivalent as approved by the board.

(e) The board may establish a policy for exceptions from the continuing education requirement of this section.

(f) The board may recognize continuing education courses that have been approved by one or more private nonprofit organizations that have at least 10 years' experience managing continuing education programs for psychologists on a statewide basis, including, but not limited to:

(1) Maintaining and managing related records and data.

(2) Monitoring and approving courses.

(g) The board shall adopt regulations as necessary for implementation of this section.

(h) A licensed psychologist shall choose continuing education instruction that is related to the assessment, diagnosis, and intervention for the client population being served or to the fields of psychology in which the psychologist intends to provide services, that may include new theoretical approaches, research, and applied techniques. Continuing education instruction shall include required courses specified in subdivision (d).

(i) A psychologist shall not practice outside his or her particular field or fields of competence as established by his or her education, training, continuing education, and experience.

(j) The administration of this section may be funded through professional license fees and continuing education provider and course approval fees, or both. The fees related to the administration of this section shall not exceed the costs of administering the corresponding provisions of this section.

(k) Continuing education credit may be approved for those licensees who serve as commissioners on any examination pursuant to Section 2947, subject to limitations established by the board.

(l) This section shall remain in effect only until January 1, 2004, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2004, deletes or extends that date.

SEC. 3. Section 2915 is added to the Business and Professions Code, to read:

2915. (a) Except as provided in this section, on or after January 1, 1996, the board shall not issue any renewal license unless the applicant submits proof that he or she has completed no less than 18 hours of approved continuing education in the preceding year. On or after January

1, 1997, except as provided in this section, the board shall issue renewal licenses only to those applicants who have completed 36 hours of approved continuing education in the preceding two years.

(b) Each person renewing his or her license issued pursuant to this chapter shall submit proof of compliance with this section to the board. False statements submitted pursuant to this section shall be a violation of Section 2970.

(c) A person applying for relicensure or for reinstatement to an active license status shall certify under penalty of perjury that he or she is in compliance with this section.

(d) (1) The continuing education requirement shall include, but shall not be limited to, courses required pursuant to Sections 25 and 28. The requirement may include courses pursuant to Sections 32 and 2914.1.

(2) (A) The board shall require a licensed psychologist who began graduate study prior to January 1, 2004, to take a continuing education course during his or her first renewal period after the operative date of this section in spousal or partner abuse assessment, detection, and intervention strategies, including community resources, cultural factors, and same gender abuse dynamics. Equivalent courses in spousal or partner abuse assessment, detection, and intervention strategies taken prior to the operative date of this section or proof of equivalent teaching or practice experience may be submitted to the board and at its discretion, may be accepted in satisfaction of this requirement.

(B) Continuing education courses taken pursuant to this paragraph shall be applied to the 36 hours of approved continuing education required under subdivision (a).

(C) A licensed psychologist whose practice does not include the direct provision of mental health services may apply to the board for an exemption from the requirements of this paragraph.

(3) Continuing education instruction approved to meet the requirements of this section shall be completed within the State of California, or shall be approved for continuing education credit by the American Psychological Association or its equivalent as approved by the board.

(e) The board may establish a policy for exceptions from the continuing education requirement of this section.

(f) The board may recognize continuing education courses that have been approved by one or more private nonprofit organizations that have at least 10 years' experience managing continuing education programs for psychologists on a statewide basis, including, but not limited to:

(1) Maintaining and managing related records and data.

(2) Monitoring and approving courses.

(g) The board shall adopt regulations as necessary for implementation of this section.



(h) A licensed psychologist shall choose continuing education instruction that is related to the assessment, diagnosis, and intervention for the client population being served or to the fields of psychology in which the psychologist intends to provide services, that may include new theoretical approaches, research, and applied techniques. Continuing education instruction shall include required courses specified in subdivision (d).

(i) A psychologist shall not practice outside his or her particular field or fields of competence as established by his or her education, training, continuing education, and experience.

(j) The administration of this section may be funded through professional license fees and continuing education provider and course approval fees, or both. The fees related to the administration of this section shall not exceed the costs of administering the corresponding provisions of this section.

(k) Continuing education credit may be approved for those licensees who serve as commissioners on any examination pursuant to Section 2947, subject to limitations established by the board.

(l) This section shall become operative on January 1, 2004.

SEC. 4. Section 4980.41 of the Business and Professions Code is amended to read:

4980.41. All applicants for licensure shall complete the following coursework or training in order to be eligible to sit for the licensing examinations:

(a) A two semester or three quarter unit course in California law and professional ethics for marriage and family therapists, which shall include, but not be limited to, the following areas of study:

(1) Contemporary professional ethics and statutory, regulatory, and decisional laws that delineate the profession's scope of practice.

(2) The therapeutic, clinical, and practical considerations involved in the legal and ethical practice of marriage and family therapy, including family law.

(3) The current legal patterns and trends in the mental health profession.

(4) The psychotherapist/patient privilege, confidentiality, the patient dangerous to self or others, and the treatment of minors with and without parental consent.

(5) A recognition and exploration of the relationship between a practitioner's sense of self and human values and his or her professional behavior and ethics.

This course may be considered as part of the 48 semester or 72 quarter unit requirements contained in Section 4980.40.



(b) 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.

(c) A minimum of 10 contact hours of training or coursework in human sexuality as specified in Section 25, and any regulations promulgated thereunder. When coursework in a master's or doctor's degree program is acquired to satisfy this requirement, it shall be considered as part of the 48 semester or 72 quarter unit requirement contained in Section 4980.40.

(d) For persons who began graduate study on or after January 1, 1986, a master's or doctor's degree qualifying for licensure shall include specific instruction in alcoholism and other chemical substance dependency as specified by regulation. When coursework in a master's or doctor's degree program is acquired to satisfy this requirement, it shall be considered as part of the 48 semester or 72 quarter unit requirement contained in Section 4980.40.

(e) For persons who began graduate study during the period commencing on January 1, 1995, and ending on December 31, 2003, a master's or doctor's degree qualifying for licensure shall include coursework in spousal or partner abuse assessment, detection, and intervention. For persons who began graduate study on or after January 1, 2004, a master's or doctor's degree qualifying for licensure shall include a minimum of 15 contact hours of coursework in spousal or partner abuse assessment, detection, and intervention strategies, including knowledge of community resources, cultural factors, and same gender abuse dynamics. Coursework required under this subdivision may be satisfactory if taken either in fulfillment of other educational requirements for licensure or in a separate course. The requirement for coursework shall be satisfied by, and the board shall accept in satisfaction of the requirement, a certification from the chief academic officer of the educational institution from which the applicant graduated that the required coursework is included within the institution's required curriculum for graduation.

(f) For persons who began graduate study on or after January 1, 2001, an applicant shall complete a minimum of a two semester or three quarter unit survey course in psychological testing. When coursework in a master's or doctor's degree program is acquired to satisfy this requirement, it may be considered as part of the 48 semester or 72 quarter unit requirement of Section 4980.40.

(g) For persons who began graduate study on or after January 1, 2001, an applicant shall complete a minimum of a two semester or three quarter unit survey course in psychopharmacology. When coursework in a master's or doctor's degree program is acquired to satisfy this

requirement, it may be considered as part of the 48 semester or 72 quarter unit requirement of Section 4980.40.

(h) The requirements added by subdivisions (f) and (g) are intended to improve the educational qualifications for licensure in order to better prepare future licentiates for practice, and are not intended in any way to expand or restrict the scope of licensure for marriage and family therapists.

SEC. 5. Section 4980.57 is added to the Business and Professions Code, to read:

4980.57. (a) The board shall require a licensee who began graduate study prior to January 1, 2004, to take a continuing education course during his or her first renewal period after the operative date of this section in spousal or partner abuse assessment, detection, and intervention strategies, including community resources, cultural factors, and same gender abuse dynamics. Equivalent courses in spousal or partner abuse assessment, detection, and intervention strategies taken prior to the operative date of this section or proof of equivalent teaching or practice experience may be submitted to the board and at its discretion, may be accepted in satisfaction of this requirement.

(b) Continuing education courses taken pursuant to this section shall be applied to the 36 hours of approved continuing education required under paragraph (1) of subdivision (c) of Section 4980.54.

(c) This section shall become operative on January 1, 2004.

SEC. 6. Section 4980.80 of the Business and Professions Code is amended to read:

4980.80. The board may issue a license to any person who, at the time of application, has held for at least two years a valid license issued by a board of marriage counselor examiners, marriage therapist examiners, or corresponding authority of any state, if the education and supervised experience requirements are substantially the equivalent of this chapter and the person successfully completes the written and oral licensing examinations administered in this state and pays the fees specified. Issuance of the license is further conditioned upon the person's completion of the following coursework or training:

(a) A two semester or three quarter unit course in California law and professional ethics for marriage, family, and child counselors that shall include areas of study as specified in Section 4980.41.

(b) 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.

(c) A minimum of 10 contact hours of training or coursework in human sexuality as specified in Section 25 and any regulations promulgated thereunder.

(d) A minimum of 15 contact hours of training or coursework in alcoholism and other chemical substance dependency as specified by regulation.

(e) (1) Instruction in spousal or partner abuse assessment, detection, and intervention. This instruction may be taken either in fulfillment of other requirements for licensure or in a separate course.

(2) On and after January 1, 2004, a minimum of 15 contact hours of coursework or training in spousal or partner abuse assessment, detection, and intervention strategies.

(f) On and after January 1, 2003, a minimum of a two semester or three quarter unit survey course in psychological testing. This course may be taken either in fulfillment of other requirements for licensure or in a separate course.

(g) On and after January 1, 2003, a minimum of a two semester or three quarter unit survey course in psychopharmacology. This course may be taken either in fulfillment of other requirements for licensure or in a separate course.

(h) With respect to human sexuality, alcoholism and other chemical substance dependency, spousal or partner abuse assessment, detection, and intervention, psychological testing, and psychopharmacology, the board may accept training or coursework acquired out of state.

SEC. 7. Section 4980.90 of the Business and Professions Code is amended to read:

4980.90. (a) Experience gained outside of California shall be accepted toward the licensure requirements if it is substantially equivalent to that required by this chapter and if the applicant has gained a minimum of 250 hours of supervised experience in direct counseling within California while registered as an intern with the board.

(b) Education gained outside of California shall be accepted toward the licensure requirements if it is substantially equivalent to the education requirements of this chapter, and if the applicant has completed all of the following:

(1) A two semester or three quarter unit course in California law and professional ethics for marriage, family, and child counselors that shall include areas of study as specified in Section 4980.41.

(2) 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.

(3) A minimum of 10 contact hours of training or coursework in sexuality as specified in Section 25 and any regulations promulgated thereunder.

(4) A minimum of 15 contact hours of training or coursework in alcoholism and other chemical substance dependency as specified by regulation.

(5) (1) Instruction in spousal or partner abuse assessment, detection, and intervention. This instruction may be taken either in fulfillment of other educational requirements for licensure or in a separate course.

(2) On and after January 1, 2004, a minimum of 15 contact hours of coursework or training in spousal or partner abuse assessment, detection, and intervention strategies.

(6) On and after January 1, 2003, a minimum of a two semester or three quarter unit survey course in psychological testing. This course may be taken either in fulfillment of other requirements for licensure or in a separate course.

(7) On and after January 1, 2003, a minimum of a two semester or three quarter unit survey course in psychopharmacology. This course may be taken either in fulfillment of other requirements for licensure or in a separate course.

(8) With respect to human sexuality, alcoholism and other chemical substance dependency, spousal or partner abuse assessment, detection, and intervention, psychological testing, and psychopharmacology, the board may accept training or coursework acquired out of state.

(c) For purposes of this section, the board may, in its discretion, accept education as substantially equivalent if the applicant has been granted a degree in a single integrated program primarily designed to train marriage, family, and child counselors and if the applicant's education meets the requirements of Sections 4980.37 and 4980.40. The degree title and number of units in the degree program need not be identical to those required by subdivision (a) of Section 4980.40. If the applicant's degree does not contain the number of units required by subdivision (a) of Section 4980.40, the board may, in its discretion, accept the applicant's education as substantially equivalent if the applicant's degree otherwise complies with this section and the applicant completes the units required by subdivision (a) of Section 4980.40.

SEC. 8. Section 4996.2 of the Business and Professions Code is amended to read:

4996.2. Each applicant shall furnish evidence satisfactory to the board that he or she complies with all of the following requirements:

(a) Is at least 21 years of age.

(b) Has received a master's degree from an accredited school of social work.

(c) Has had two years of supervised post-master's degree experience, as specified in Section 4996.20, 4996.21, or 4996.23.

(d) Has not committed any crimes or acts constituting grounds for denial of licensure under Section 480. The board shall not issue a registration or license to any person who has been convicted of any crime in this or another 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.

(e) Has completed adequate instruction and training in the subject of alcoholism and other chemical substance dependency. This requirement applies only to applicants who matriculate on or after January 1, 1986.

(f) Has completed instruction and training in spousal or partner abuse assessment, detection, and intervention. This requirement applies to an applicant who began graduate training during the period commencing on January 1, 1995, and ending on December 31, 2003. An applicant who began graduate training on or after January 1, 2004, shall complete a minimum of 15 contact hours of coursework in spousal or partner abuse assessment, detection, and intervention strategies, including knowledge of community resources, cultural factors, and same gender abuse dynamics. Coursework required under this subdivision may be satisfactory if taken either in fulfillment of other educational requirements for licensure or in a separate course. This requirement for coursework shall be satisfied by, and the board shall accept in satisfaction of the requirement, a certification from the chief academic officer of the educational institution from which the applicant graduated that the required coursework is included within the institution's required curriculum for graduation.

(g) Has completed a minimum of 10 contact hours of training or coursework in human sexuality as specified in Section 1807 of Title 16 of the California Code of Regulations. This training or coursework may be satisfactory if taken either in fulfillment of other educational requirements for licensure or in a separate course.

(h) Has completed a minimum of seven contact hours of training or coursework in child abuse assessment and reporting as specified in Section 1807.2 of Title 16 of the California Code of Regulations. This training or coursework may be satisfactory if taken either in fulfillment of other educational requirements for licensure or in a separate course.

SEC. 9. 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. The board may issue a license to any person who, at the time of application, has held a valid license, issued by a board of clinical social work examiners or corresponding authority of any state, for two years if the education and supervised experience requirements are substantially the equivalent of this chapter and the person successfully completes the written and oral licensing examinations administered in this state and pays the required fees. Issuance of the license is conditioned upon the person's completion of the following coursework and training:

(1) 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.

(2) A minimum of 10 contact hours of training or coursework in human sexuality as specified in Section 25, and any regulations promulgated thereunder.

(3) A minimum of 15 contact hours of training or coursework in alcoholism and other chemical substance dependency, as specified by regulation.

(4) (A) Instruction in spousal or partner abuse assessment, detection, and intervention. This instruction may be taken either in fulfillment of other requirements for licensure or in a separate course.

(B) On and after January 1, 2004, a minimum of 15 contact hours of coursework or training in spousal or partner abuse assessment, detection, and intervention strategies.

(5) With respect to paragraphs (2), (3), and (4), the board may accept training or coursework acquired out of state.

(b) A person who qualifies for licensure based on experience gained outside California may apply for and receive an associate registration to practice clinical social work.

SEC. 10. Section 4996.22 of the Business and Professions Code is amended to read:

4996.22. (a) (1) Except as provided in subdivision (c), on and after January 1, 2000, the board shall not renew any license pursuant to this chapter unless the applicant certifies to the board, on a form prescribed by the board, that he or she has completed not less than 36 hours of approved continuing education in or relevant to the field of social work in the preceding two years, as determined by the board.

(2) For those persons renewing during 1999, the board shall not renew any license pursuant to this chapter unless the applicant certifies to the board, on a form prescribed by the board, that he or she has completed not less than 18 hours of approved continuing education in or relevant to the field of social work, as determined by the board. The coursework of continuing education described in this paragraph may be taken on or after the effective date of the continuing education regulations adopted by the board pursuant to the other provisions of this section.

(b) The board shall have the right to audit the records of any applicant to verify the completion of the continuing education requirement. Applicants shall maintain records of 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 request.

(c) The board may establish exceptions from the continuing education requirement of this section for good cause as defined by the board.

(d) The continuing education shall be obtained from one of the following sources:

(1) An accredited school of social work, as defined in Section 4990.4, or a school or department of social work that is a candidate for accreditation by the Commission on Accreditation of the Council on Social Work Education. Nothing in this paragraph shall be construed as requiring coursework to be offered as part of a regular degree program.

(2) Other continuing education providers, including, but not limited to, a professional social work association, a licensed health facility, a governmental entity, a continuing education unit of an accredited four-year institution of higher learning, and a mental health professional association, approved by the board.

(3) The board shall establish, by regulation, a procedure for approving providers of continuing education courses, and all providers of continuing education, as described in paragraphs (1) and (2), shall adhere to the 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.

(e) 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 social work.

(2) Aspects of the social work discipline in which significant recent developments have occurred.

(3) Aspects of other related disciplines that enhance the understanding, or the practice, of social work.

(f) A system of continuing education for licensed clinical social workers shall include courses directly related to the diagnosis, assessment, and treatment of the client population being served.

(g) 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.

(h) The board may adopt regulations as necessary to implement this section.

(i) The board shall submit a report to the Legislature no later than January 1, 2001, evaluating the progress of continuing education required by this section, and making recommendations therefor.

(j) On and after January 1, 1997, the board shall, by regulation, fund the administration of this section through continuing education provider fees to be deposited in the Behavioral Science Examiners Fund. The fees related to the administration of this section shall be sufficient to meet but shall not exceed the costs of administering the corresponding provisions



of this section. For purposes of this subdivision, a provider of continuing education as described in paragraph (1) of subdivision (d), shall be deemed to be an approved provider.

(k) This section shall remain in effect only until January 1, 2004, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2004, deletes or extends that date.

SEC. 11. Section 4996.22 is added to the Business and Professions Code, to read:

4996.22. (a) (1) Except as provided in subdivision (c), on and after January 1, 2000, the board shall not renew any license pursuant to this chapter unless the applicant certifies to the board, on a form prescribed by the board, that he or she has completed not less than 36 hours of approved continuing education in or relevant to the field of social work in the preceding two years, as determined by the board.

(2) For those persons renewing during 1999, the board shall not renew any license pursuant to this chapter unless the applicant certifies to the board, on a form prescribed by the board, that he or she has completed not less than 18 hours of approved continuing education in or relevant to the field of social work, as determined by the board. The coursework of continuing education described in this paragraph may be taken on or after the effective date of the continuing education regulations adopted by the board pursuant to the other provisions of this section.

(3) The board shall not renew any license of an applicant who began graduate study prior to January 1, 2004, pursuant to this chapter unless the applicant certifies to the board that during the applicant's first renewal period after the operative date of this section, he or she completed a continuing course in spousal or partner abuse assessment, detection, and intervention strategies, including community resources, cultural factors, and same gender abuse dynamics. Equivalent courses in spousal or partner abuse assessment, detection, and intervention strategies taken prior to the operative date of this section or proof of equivalent teaching or practice experience may be submitted to the board and at its discretion, may be accepted in satisfaction of this requirement. Continuing education courses taken pursuant to this paragraph shall be applied to the 36 hours of approved continuing education required under paragraph (1).

(b) The board shall have the right to audit the records of any applicant to verify the completion of the continuing education requirement. Applicants shall maintain records of 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 request.



(c) The board may establish exceptions from the continuing education requirement of this section for good cause as defined by the board.

(d) The continuing education shall be obtained from one of the following sources:

(1) An accredited school of social work, as defined in Section 4990.4, or a school or department of social work that is a candidate for accreditation by the Commission on Accreditation of the Council on Social Work Education. Nothing in this paragraph shall be construed as requiring coursework to be offered as part of a regular degree program.

(2) Other continuing education providers, including, but not limited to, a professional social work association, a licensed health facility, a governmental entity, a continuing education unit of an accredited four-year institution of higher learning, and a mental health professional association, approved by the board.

(3) The board shall establish, by regulation, a procedure for approving providers of continuing education courses, and all providers of continuing education, as described in paragraphs (1) and (2), shall adhere to the 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.

(e) 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 social work.

(2) Aspects of the social work discipline in which significant recent developments have occurred.

(3) Aspects of other related disciplines that enhance the understanding, or the practice, of social work.

(f) A system of continuing education for licensed clinical social workers shall include courses directly related to the diagnosis, assessment, and treatment of the client population being served.

(g) 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.

(h) The board may adopt regulations as necessary to implement this section.

(i) The board shall submit a report to the Legislature no later than January 1, 2001, evaluating the progress of continuing education required by this section, and making recommendations therefor.

(j) On and after January 1, 1997, the board shall, by regulation, fund the administration of this section through continuing education provider

fees to be deposited in the Behavioral Science Examiners Fund. The fees related to the administration of this section shall be sufficient to meet but shall not exceed the costs of administering the corresponding provisions of this section. For purposes of this subdivision, a provider of continuing education as described in paragraph (1) of subdivision (d), shall be deemed to be an approved provider.

(k) This section shall become operative on January 1, 2004.

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.

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## CHAPTER 482

An act to add Chapter 3.8 (commencing with Section 50550) to Part 2 of Division 31 of the Health and Safety Code, relating to housing.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Chapter 3.8 (commencing with Section 50550) is added to Part 2 of Division 31 of the Health and Safety Code, to read:

### CHAPTER 3.8. WORKFORCE HOUSING REWARD PROGRAM

50550. There is hereby established the Workforce Housing Reward Program, to be administered by the department for the purpose of providing local assistance to cities, counties, and cities and counties that provide land use approval to housing developments affordable to very low and low-income households.

50550.1. (a) To the extent that funds are available, the department shall provide local assistance grants to a city, county, or city and county that issues a building permit for a housing development consisting of newly constructed units that are affordable to very low or low-income households if all of the following conditions are met:

(1) Final land use approval was granted to the development on or after January 1, 2004.

(2) (A) In the case of rental units, the development is subject to a regulatory agreement recorded against the property that obligates the owner to maintain rents on the restricted units at levels affordable to very low or low-income households for at least 55 years.

(B) In the case of ownership housing, units shall be initially sold to households of low or very low income at an affordable housing cost. If public funds are used to achieve an affordable housing cost, then upon the sale of an assisted unit to a low- or very low income household, the public entity shall ensure the repayment of the public funds and reuse of those funds for affordable housing for a period of at least 20 years. The proposed mechanism for restrictions of ownership units shall be consistent with criteria established by the department and specified in the Notice of Funding Availability.

(3) By the end of the 12-month period covered by the Notice of Funding Availability, the city, county, or city and county has an adopted housing element that the department has found pursuant to Section 65585 of the Government Code to be in substantial compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code and has submitted to the department the annual progress report required by Section 65400 of the Government Code within the preceding 12 months.

(b) For each year that funds are available, the department shall issue a Notice of Funding Availability to cover permits issued during a 12-month time period. The department shall accept applications at the close of the 12-month period. Grant amounts shall be determined as a per-bedroom incentive for each unit restricted for very low and low-income households. For the purposes of this section single-room occupancies and studio apartments shall be considered as one-bedroom units. The grant for very low income units shall be greater than the grant for low-income units. If the eligibility for funds exceeds the amount of funding available for this program, the department shall reduce all grants proportionally.

(c) A city, county, or city and county that qualified for a grant from the Jobs-Housing Balance Incentive Grant Program pursuant to Section 50544 during the 2001 calendar year shall receive an additional amount of funds for each bedroom that qualifies under this section. The department shall determine the amount of the bonus grant to be awarded pursuant to this subdivision.

50550.2. (a) Grants provided pursuant to this chapter shall be used for the construction or acquisition of capital assets as set forth in Section 16727 of the Government Code that serve to benefit the community. Eligible projects include, but are not limited to, traffic improvements, neighborhood parks, bike paths, libraries, school facilities, play areas, community centers, and police and fire stations.

(b) The department may deny funding to any jurisdiction that it determines, based on reasonable evidence, failed to grant final land use approval for eligible developments on a timely basis between January 1, 2003, and January 1, 2004.

(c) The department shall adopt guidelines for the operation of the program. The guidelines shall not be subject to the requirements of Chapter 2.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code.

SEC. 2. (a) Twenty-five million dollars (\$25,000,000) of the funds transferred to the Jobs-Housing Balance Improvement Account pursuant to paragraph (8) of subdivision (a) of Section 53533 of the Health and Safety Code shall be used to provide prorated grants to cities, counties, and cities and counties that qualified for funds from the Jobs-Housing Balance Incentive Grant Program pursuant to Section 50544 of the Health and Safety Code during the 2001 calendar year. Notwithstanding subdivision (c) of Section 50544 of the Health and Safety Code, the prorated grant amounts shall be only determined as a per-unit incentive weighted for high, medium, and low employment demand areas. Notwithstanding subdivision (a) of Section 50544 of the Health and Safety Code, grant funds shall be used for the construction or acquisition of capital assets as set forth in Section 16727 of the Government Code that serve to benefit the community.

(b) Sixty-five million dollars (\$65,000,000) of the funds transferred to the Jobs-Housing Balance Improvement Account pursuant to paragraph (8) of subdivision (a) of Section 53533 of the Health and Safety Code shall be used to provide local assistance grants pursuant to Chapter 3.8 (commencing with Section 50550) of Part 2 of Division 31 of the Health and Safety Code.

(c) Ten million dollars (\$10,000,000) of the funds transferred to the Jobs-Housing Balance Improvement Account pursuant to paragraph (8) of subdivision (a) of Section 53533 of the Health and Safety Code shall be used to provide bonus grants pursuant to subdivision (c) of Section 50550.1 of the Health and Safety Code.

SEC. 3. This act shall become operative only upon approval by the voters of the Housing and Emergency Shelter Trust Fund Act of 2002, as enacted by Chapter 26 of the Statutes of 2002.

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## CHAPTER 483

An act to add Chapter 12 (commencing with Section 14977) to Division 3 of Title 2 of the Government Code, relating to pharmaceuticals.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 12, 2002.]

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

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

(1) Many different state, district, city, county, municipal, and public agency governmental entities purchase prescription drugs for individuals served by those entities.

(2) Currently, the Department of General Services uses the bid process to develop contracts with drug manufacturers on behalf of some state local, and public agencies. However, many state, district, county, city, municipal, and public agencies are not included in this current purchasing process.

(3) The Department of General Services does not have sufficient direction from the Legislature to maximize savings.

(4) By better coordinating bulk purchasing contracts and providing purchasing procedures and options, the Department of General Services may be able to negotiate better prices for drugs on behalf of participating governmental entities.

(b) It is the intent of the Legislature in enacting this act to coordinate bulk purchasing of prescription drugs, and authorize the Department of General Services to investigate and implement other options and strategies to achieve the greatest savings on prescription drugs with prescription drug manufacturers and wholesalers.

SEC. 2. Chapter 12 (commencing with Section 14977) is added to Division 3 of Title 2 of the Government Code, to read:

CHAPTER 12. PURCHASE OF PRESCRIPTION DRUGS FOR GOVERNMENT  
AGENCIES

14977. As used in this chapter, “department” means the Department of General Services.

14977.1. (a) Notwithstanding any other provision of law, the Department of General Services may enter into exclusive or nonexclusive contracts on a bid or negotiated basis with manufacturers and suppliers of single source or multisource drugs. The department may obtain from those manufacturers and suppliers, discounts, rebates, or refunds based on quantities purchased insofar as permissible under federal law. Contracts entered into pursuant to this chapter may include price discounts, rebates, refunds, or other strategies aimed at managing escalating prescription drug prices.

(b) Contracts under this chapter shall be exempt from Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code.

14977.5. (a) The following state agencies shall participate in the prescription drug bulk purchasing program authorized under this chapter.

- (1) State Department of Mental Health.
- (2) Department of Corrections.
- (3) Department of the Youth Authority.
- (4) State Department of Developmental Services.

(b) Any state, district, county, city, municipal, or public agency governmental entity, other than a state entity specified in subdivision (a), may elect to participate in the coordinated purchasing program.

14978. The department, in consultation with the agencies listed in subdivision (a) of Section 14977.5, may investigate and implement other options and strategies to achieve the greatest savings on prescription drugs with prescription drug manufacturers and wholesalers.

14979. The department may appoint and contract with a pharmaceutical benefits manager or other entity for purposes of the prescription drugs purchased under this chapter. The pharmaceutical benefits manager or other entity may do all of the following:

(a) Negotiate price discounts, rebates, or other options that achieve the greatest savings on prescription drugs with prescription drug manufacturers and wholesalers.

(b) Purchase prescription drugs for participating state, district, county, or municipal governmental entities.

(c) Act as a consultant to the department.

14980. The department may explore additional strategies for managing the increasing costs of prescription drugs, including:

(a) Coordinating programs offered by pharmaceutical manufacturers that provide prescription drugs for free or at reduced prices.

(b) Studying the feasibility and appropriateness of including in the bulk purchasing programs entities in the private sector, including employers, providers, and individual consumers.

(c) Implementing other strategies, as permitted under state and federal law, aimed at managing escalating prescription drug prices.

14981. On or before than February 1, 2005, the department shall submit a report to the appropriate policy and fiscal 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) Other options and strategies that have been or will be implemented pursuant to Sections 14978 and 14980.

(d) Estimated costs and savings attributable to activities that have been or will be undertaken pursuant to this chapter.

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## CHAPTER 484

An act to amend Sections 18795 and 18796 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 18795 of the Revenue and Taxation Code is amended to read:

18795. All money transferred to the California Breast Cancer Research 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) To the University of California for the support of the Breast Cancer Research Program (Article 1 (commencing with Section 104145) of Chapter 2 of Part 1 of Division 103 of the Health and Safety Code) for the purposes stated therein that are related solely to breast cancer research. The University of California may use up to 5 percent of the money allocated to it for administering and promoting the program.

SEC. 2. 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) If, in any calendar year, the Franchise Tax Board estimates by September 1 that contributions described in this article made on returns filed in that calendar year will be less than two hundred fifty thousand dollars (\$250,000) for taxable years beginning in 1997, or the adjusted



amount specified in subdivision (c) for subsequent taxable years, as may be applicable, then this article is repealed with respect to taxable years beginning on and after January 1 of that calendar year. The Franchise Tax Board shall estimate the annual contribution amount by September 1 of each year using the actual amounts known to be contributed and an estimate of the remaining year's contributions.

(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 estimated contribution amount specified in subdivision (b) as follows:

(1) The minimum estimated contribution amount for the calendar year shall be an amount equal to the product of the minimum estimated contribution amount for the prior September 1 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.

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## CHAPTER 485

An act to amend Sections 2530.2, 2530.5, 2532.2, 2532.7, 2532.8, and 2538.1 of the Business and Professions Code, relating to speech-language pathologists.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 2530.2 of the Business and Professions Code is amended to read:

2530.2. As used in this chapter, unless the context otherwise requires:

(a) "Board" means the Speech-Language Pathology and Audiology Board or any successor.



(b) "Person" means any individual, partnership, corporation, limited liability company, or other organization or combination thereof, except that only individuals can be licensed under this chapter.

(c) A "speech-language pathologist" is a person who practices speech-language pathology.

(d) "The practice of speech-language pathology" means: (1) the application of principles, methods, instrumental procedures, and noninstrumental procedures for measurement, testing, screening, evaluation, identification, prediction, and counseling related to the development and disorders of speech, voice, language, or swallowing; (2) the application of principles and methods for preventing, planning, directing, conducting, and supervising programs for habilitating, rehabilitating, ameliorating, managing, or modifying disorders of speech, voice, language, or swallowing in individuals or groups of individuals; and (3) conducting hearing screenings.

(e) (1) Instrumental procedures referred to in subdivision (d) are the use of rigid and flexible endoscopes to observe the pharyngeal and laryngeal areas of the throat in order to observe, collect data, and measure the parameters of communication and swallowing as well as to guide communication and swallowing assessment and therapy.

(2) Nothing in this subdivision shall be construed as a diagnosis. Any observation of an abnormality shall be referred to a physician and surgeon.

(f) A licensed speech-language pathologist shall not perform a flexible fiberoptic nasendoscopic procedure unless he or she has received written verification from an otolaryngologist certified by the American Board of Otolaryngology that the speech-language pathologist has performed a minimum of 25 flexible fiberoptic nasendoscopic procedures and is competent to perform these procedures. The speech-language pathologist shall have this written verification on file and readily available for inspection upon request by the board. A speech-language pathologist shall pass a flexible fiberoptic nasendoscopic instrument only under the direct authorization of an otolaryngologist certified by the American Board of Otolaryngology and the supervision of a physician and surgeon.

(g) A licensed speech-language pathologist shall only perform flexible endoscopic procedures described in subdivision (e) in an acute care setting, as defined in subdivision (a) of Section 1250 of the Health and Safety Code, that requires the facility to have protocols for emergency medical backup procedures, including a physician and surgeon or other appropriate medical professionals being readily available.

(h) "Speech-language pathology aide" means any person meeting the minimum requirements established by the board, who works directly under the supervision of a speech-language pathologist.

(i) (1) "Speech-language pathology assistant" means a person who meets the academic and supervised training requirements set forth by the board and who is approved by the board to assist in the provision of speech-language pathology under the direction and supervision of a speech-language pathologist who shall be responsible for the extent, kind, and quality of the services provided by the speech-language pathology assistant.

(2) The supervising speech-language pathologist employed or contracted for by a public school may hold a valid and current license issued by the board, a valid, current, and professional clear clinical or rehabilitative services credential in language, speech, and hearing issued by the Commission on Teacher Credentialing, or other credential authorizing service in language, speech, and hearing issued by the Commission on Teacher Credentialing that is not issued on the basis of an emergency permit or waiver of requirements. For purposes of this paragraph, a "clear" credential is a credential that is not issued pursuant to a waiver or emergency permit and is as otherwise defined by the Commission on Teacher Credentialing. Nothing in this section referring to credentialed supervising speech-language pathologists expands existing exemptions from licensing pursuant to Section 2530.5.

(j) An "audiologist" is one who practices audiology.

(k) "The practice of audiology" means the application of principles, methods, and procedures of measurement, testing, appraisal, prediction, consultation, counseling, instruction related to auditory, vestibular, and related functions and the modification of communicative disorders involving speech, language, auditory behavior or other aberrant behavior resulting from auditory dysfunction; and the planning, directing, conducting, supervising, or participating in programs of identification of auditory disorders, hearing conservation, cerumen removal, aural habilitation, and rehabilitation, including, hearing aid recommendation and evaluation procedures including, but not limited to, specifying amplification requirements and evaluation of the results thereof, auditory training, and speech reading.

(l) "Audiology aide" means any person, meeting the minimum requirements established by the board, who works directly under the supervision of an audiologist.

(m) "Medical board" means the Medical Board of California or a division of the board.

(n) A "hearing screening" performed by a speech-language pathologist means a binary puretone screening at a preset intensity level

for the purpose of determining if the screened individuals are in need of further medical or audiological evaluation.

(o) "Cerumen removal" means the nonroutine removal of cerumen within the cartilaginous ear canal necessary for access in performance of audiological procedures that shall occur under physician and surgeon supervision. Cerumen removal, as provided by this section, shall only be performed by a licensed audiologist. Physician and surgeon supervision shall not be construed to require the physical presence of the physician, but shall include all of the following:

(1) Collaboration on the development of written standardized protocols. The protocols shall include a requirement that the supervised audiologist immediately refer to an appropriate physician any trauma, including skin tears, bleeding, or other pathology of the ear discovered in the process of cerumen removal as defined in this subdivision.

(2) Approval by the supervising physician of the written standardized protocol.

(3) The supervising physician shall be within the general vicinity, as provided by the physician-audiologist protocol, of the supervised audiologist and available by telephone contact at the time of cerumen removal.

(4) A licensed physician and surgeon may not simultaneously supervise more than two audiologists for purposes of cerumen removal.

SEC. 2. Section 2530.5 of the Business and Professions Code is amended to read:

2530.5. (a) Nothing in this chapter shall be construed as restricting hearing testing conducted by licensed physicians and surgeons or by persons conducting hearing tests under the direct supervision of a physician and surgeon.

(b) Nothing in this chapter shall be construed to prevent a licensed hearing aid dispenser from engaging in testing of hearing and other practices and procedures used solely for the fitting and selling of hearing aids nor does this chapter restrict persons practicing their licensed profession and operating within the scope of their licensed profession or employed by someone operating within the scope of their licensed professions, including persons fitting and selling hearing aids who are properly licensed or registered under the laws of the State of California.

(c) Nothing in this chapter shall be construed as restricting or preventing the practice of speech-language pathology or audiology by personnel holding the appropriate credential from the Commission on Teacher Credentialing as long as the practice is conducted within the confines of or under the jurisdiction of a public preschool, elementary or secondary school by which they are employed and those persons do not either offer to render or render speech-language pathology or audiology services to the public for compensation over and above the

salary they receive from the public preschool elementary or secondary school by which they are employed for the performance of their official duties.

(d) Nothing in this chapter shall be construed as restricting the activities and services of a student or speech-language pathology intern in speech-language pathology pursuing a course of study leading to a degree in speech-language pathology at an accredited or approved college or university or an approved clinical training facility, provided that these activities and services constitute a part of his or her supervised course of study and that those persons are designated by the title as “speech-language pathology intern,” “speech-language pathology trainee,” or other title clearly indicating the training status appropriate to his or her level of training.

(e) Nothing in this chapter shall be construed as restricting the activities and services of a student or audiology intern in audiology pursuing a course of study leading to a degree in audiology at an accredited or approved college or university or an approved clinical training facility, provided that these activities and services constitute a part of his or her supervised course of study and that those persons are designated by the title as “audiology intern,” “audiology trainee,” or other title clearly indicating the training status appropriate to his or her level of training.

(f) Nothing in this chapter shall be construed as restricting the practice of an applicant who is obtaining the required professional experience specified in subdivision (d) of Section 2532.2 and who has been issued a temporary license pursuant to Section 2532.7. The number of applicants who may be supervised by a licensed speech-language pathologist or a speech-language pathologist having qualifications deemed equivalent by the board shall be determined by the board. The supervising speech-language pathologist shall register with the board the name of each applicant working under his or her supervision, and shall submit to the board a description of the proposed professional responsibilities of the applicant working under his or her supervision. The number of applicants who may be supervised by a licensed audiologist or an audiologist having qualifications deemed equivalent by the board shall be determined by the board. The supervising audiologist shall register with the board the name of each applicant working under his or her supervision, and shall submit to the board a description of the proposed professional responsibilities of the applicant working under his or her supervision.

(g) Nothing in this chapter shall be construed as restricting hearing screening services in public or private elementary or secondary schools so long as these screening services are provided by persons registered as qualified school audiometrists pursuant to Sections 1685 and 1686 of the

Health and Safety Code or hearing screening services supported by the State Department of Health Services so long as these screening services are provided by appropriately trained or qualified personnel.

(h) Persons employed as speech-language pathologists or audiologists by a federal agency shall be exempt from this chapter.

(i) Nothing in this chapter shall be construed as restricting consultation or the instructional or supervisory activities of a faculty member of an approved or accredited college or university for the first 60 days following appointment after the effective date of this subdivision.

SEC. 3. Section 2532.2 of the Business and Professions Code is amended to read:

2532.2. To be eligible for licensure by the board as a speech-language pathologist or audiologist, the applicant shall possess all of the following qualifications:

(a) Possess at least a master's degree in speech-language pathology or audiology from an educational institution approved by the board or qualifications deemed equivalent by the board.

(b) Submit transcripts from an educational institution approved by the board evidencing the successful completion of at least 60 semester units of courses related to the normal development, function, and use of speech, hearing, and language; and courses that provide information about, and training in, the management of speech, hearing, and language disorders. At least 24 of the required 60 semester units shall be related to disorders of speech, voice, or language for speech-language pathology applicants or to disorders of hearing and the modification of communication disorders involving speech and language resulting from hearing disorders for audiology applicants. These 60 units do not include credit for thesis, dissertation, or clinical practice.

(c) Submit evidence of the satisfactory completion of supervised clinical practice with individuals representative of a wide spectrum of ages and communication disorders. The board shall establish by regulation the required number of clock hours, not to exceed 300 clock hours, of supervised clinical practice necessary for the applicant.

The clinical practice shall be under the direction of an educational institution approved by the board.

(d) Submit evidence of no less than 36 weeks of satisfactorily completed supervised professional full-time experience or 72 weeks of professional part-time experience obtained under the supervision of a licensed speech-language pathologist or audiologist or a speech-language pathologist or audiologist having qualifications deemed equivalent by the board. This experience shall be evaluated and approved by the board. The required professional experience shall follow completion of the requirements listed in subdivisions (a), (b), and

(c). Full time is defined as at least 36 weeks in a calendar year and a minimum of 30 hours per week. Part time is defined as a minimum of 72 weeks and a minimum of 15 hours per week.

(e) Pass an examination or examinations approved by the board. The board shall determine the subject matter and scope of the examinations and may waive the examination upon evidence that the applicant has successfully completed an examination approved by the board. Written examinations may be supplemented by oral examinations as the board shall determine. An applicant who fails his or her examination may be reexamined at a subsequent examination upon payment of the reexamination fee required by this chapter.

A speech-language pathologist or audiologist who holds a license from another state or territory of the United States or who holds equivalent qualifications as determined by the board and who has completed no less than one year of full-time continuous employment as a speech-language pathologist or audiologist within the past three years is exempt from the supervised professional experience in subdivision (d).

SEC. 4. Section 2532.7 of the Business and Professions Code is amended to read:

2532.7. (a) Upon approval of an application filed pursuant to Section 2532.1, and upon payment of the fee prescribed by Section 2534.2, the board may issue a required professional experience (RPE) temporary license for a period to be determined by the board to an applicant who is obtaining the required professional experience specified in subdivision (d) of Section 2532.2.

(b) Effective July 1, 2003, no person shall obtain the required professional experience for licensure in either an exempt or nonexempt setting, as defined in Section 2530.5, unless he or she is licensed in accordance with this section.

(c) Any experience obtained in violation of this act shall not be approved by the board.

(d) An RPE temporary license shall terminate upon notice thereof by certified mail, return receipt requested, if it is issued by mistake or if the application for permanent licensure is denied.

(e) Upon written application, the board may reissue an RPE temporary license for a period to be determined by the board to an applicant who is obtaining the required professional experience specified in subdivision (d) of Section 2532.2.

SEC. 5. Section 2532.8 of the Business and Professions Code is amended to read:

2532.8. (a) The board shall deem a person who holds a valid certificate of clinical competence in speech-language pathology or audiology issued by the American Speech-Language-Hearing

Association's Council for Clinical Certification to have met the educational and experience requirements set forth for speech-language pathologists or audiologists in Section 2532.2.

(b) If an applicant qualifying for licensure under this section has obtained any equivalent qualifications in violation of the laws and regulations governing the practices of speech-language pathology or audiology or has not met the requirements for licensure, he or she shall correct the deficiency to qualify for licensure. If the deficiency is not cured within one year from the date of the deficiency notice, the application for licensure is deemed abandoned.

SEC. 6. Section 2538.1 of the Business and Professions Code is amended to read:

2538.1. (a) The board shall adopt regulations, in collaboration with the State Department of Education, the Commission on Teacher Credentialing, and the Advisory Commission on Special Education, that set forth standards and requirements for the adequate supervision of speech-language pathology assistants.

(b) The board shall adopt regulations as reasonably necessary to carry out the purposes of this article, that shall include, but need not be limited to, the following:

(1) Procedures and requirements for application, registration, renewal, suspension, and revocation.

(2) Standards for approval of Associate Degree Speech-Language Pathology Assistant training programs based upon standards and curriculum guidelines established by the National Council on Academic Accreditation in Audiology and Speech-Language Pathology, or the American Speech-Language-Hearing Association, or equivalent formal training programs consisting of two years of technical education, including supervised field placements. The board may impanel site review committees to conduct onsite evaluations, inspections, and investigations of a speech-language pathology assistant training program and to assess the training program's compliance with the board's laws and regulations. The members of the site review committee shall receive no compensation but shall be reimbursed for their actual travel and per diem expenses by the institution that is the subject of the evaluation, inspection, or investigation.

(3) Standards for accreditation of a Speech-Language Pathology Assistant training program's institution by the Accrediting Commission for Community and Junior Colleges of the Western Association of Schools and Colleges or the Senior College Commission of the Western Association of Schools and Colleges, or equivalent accreditation.

(4) The scope of responsibility, duties, and functions of speech-language pathology assistants, that shall include, but not be limited to, all of the following:



(A) Conducting speech-language screening, without interpretation, and using screening protocols developed by the supervising speech-language pathologist.

(B) Providing direct treatment assistance to patients or clients under the supervision of a speech-language pathologist.

(C) Following and implementing documented treatment plans or protocols developed by a supervising speech-language pathologist.

(D) Documenting patient or client progress toward meeting established objectives, and reporting the information to a supervising speech-language pathologist.

(E) Assisting a speech-language pathologist during assessments, including, but not limited to, assisting with formal documentation, preparing materials, and performing clerical duties for a supervising speech-language pathologist.

(F) When competent to do so, as determined by the supervising speech-language pathologist, acting as an interpreter for non-English-speaking patients or clients and their family members.

(G) Scheduling activities and preparing charts, records, graphs, and data.

(H) Performing checks and maintenance of equipment, including, but not limited to, augmentative communication devices.

(I) Assisting with speech-language pathology research projects, in-service training, and family or community education.

The regulations shall provide that speech-language pathology assistants are not authorized to conduct evaluations, interpret data, alter treatment plans, or perform any task without the express knowledge and approval of a supervising speech-language pathologist.

(5) The requirements for the wearing of distinguishing name badges with the title of speech-language pathology assistant.

(6) Minimum continuing professional development requirements for the speech-language pathology assistant, not to exceed 12 hours in a two-year period. The speech-language pathology assistant's supervisor shall act as a professional development advisor. The speech-language pathology assistant's professional growth may be satisfied with successful completion of state or regional conferences, workshops, formal in-service presentations, independent study programs, or any combination of these concerning communication and related disorders.

(7) Minimum continuing professional development requirements for the supervisor of a speech-language pathology assistant.

(8) The type and amount of direct and indirect supervision required for speech-language pathology assistants.

(9) The maximum number of assistants permitted per supervisor.

(10) A requirement that the supervising speech-language pathologist shall remain responsible and accountable for clinical judgments and



decisions and the maintenance of the highest quality and standards of practice when a speech-language pathology assistant is utilized.

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CHAPTER 486

An act to add Section 14105.115 to the Welfare and Institutions Code, relating to Medi-Cal, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 14105.115 is added to the Welfare and Institutions Code, to read:

14105.115. (a) The department may negotiate or renegotiate settlements with any acute care hospital in San Diego County that has a distinct part pediatric convalescent facility and that has violated any Medi-Cal reimbursement policy or procedure governing the operation of acute care hospitals.

(b) In any settlement negotiated or renegotiated pursuant to this section, the department may waive all or part of any overpayment made under this chapter to any acute care hospital described in subdivision (a) that would otherwise be reimbursable to the department by that acute care hospital.

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 the continuity of essential health care services under the Medi-Cal program to children in distinct part pediatric convalescent facilities of acute care hospitals at the earliest possible time, it is necessary that this act take effect immediately.

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CHAPTER 487

An act to amend Sections 17052.2, 17053.37, 17053.84, 19283, 23637, and 23684 of, and to repeal Section 24994 of, the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 17052.2 of the Revenue and Taxation Code is amended to read:

17052.2. (a) For each taxable year beginning on or after January 1, 2000, there shall be allowed as a credit against the "net tax" (as defined by Section 17039) to a credentialed teacher an amount equal to the amount determined in subdivision (b).

(b) The amount of the credit shall be the lesser of the amounts computed under paragraph (1) or (2):

(1) In the case of any credentialed teacher who has, as of the last day of the taxable year:

(A) Completed at least four but less than six years of service as a credentialed teacher, the credit shall be two hundred fifty dollars (\$250).

(B) Completed at least six but less than 11 years of service as a credentialed teacher, the credit shall be five hundred dollars (\$500).

(C) Completed at least 11 but less than 20 years of service as a credentialed teacher, the credit shall be one thousand dollars (\$1,000).

(D) Completed 20 or more years of service as a credentialed teacher, the credit shall be one thousand five hundred dollars (\$1,500).

(E) For purposes of determining years of service, years of service performed as a teacher in a qualified educational institution, that otherwise meets the criteria specified in paragraph (2) of subdivision (c) except that the qualified educational institution is not located in this state, shall qualify for each of those years the teacher was credentialed by the public education agency in the state in which that qualified educational institution is located.

(2) Fifty percent of the amount determined as follows:

(A) Divide the amount received by the taxpayer as wages and salary for services as a credentialed teacher, as defined in paragraph (3) of subdivision (c), by the taxpayer's total adjusted gross income from all sources.

(B) Multiply the taxpayer's total tax, as defined in paragraph (4) of subdivision (c), by a ratio, not to exceed 1.00, that is otherwise equal to the ratio determined for the taxpayer under subparagraph (A).

(c) For purposes of this section, all of the following definitions apply:

(1) "Credentialed teacher" means a person who holds a preliminary or professional clear credential as determined by the Commission on Teacher Credentialing pursuant to Article 1 (commencing with Section 44200) of Chapter 2 of Part 25 of Division 2 of Title 2 of the Education Code and who teaches at a qualifying educational institution.

(2) "Qualifying educational institution" means any elementary, secondary, or vocational-technical school located in this state providing education for kindergarten, grades 1 to 12, inclusive, or any part thereof. "Qualifying educational institution" includes an agency or instrumentality of the federal government providing education for grades kindergarten, grades 1 to 12, inclusive, or any part thereof, at any location within this state, including an Indian reservation or a military installation located within the geographical borders of this state, where a credentialed teacher is employed by the federal government or an agency or instrumentality thereof. "Qualifying educational institution" includes any elementary, secondary, or vocational technical school located in California, that files an affidavit pursuant to Section 33190 and 33191 of the Education Code, and provides education for kindergarten and grades 1 to 12, inclusive, or any part thereof.

(3) "Wages and salaries for services as a credentialed teacher" includes only those amounts received with respect to services performed as a credentialed teacher, but does not include pensions or other deferred compensation.

(4) "Total tax" means the tax imposed under this part for the taxable year, before the application under Section 19007 of any payment of estimated tax or any installment thereof, less all credits allowed for the taxable year except for the following:

(A) The credit allowed under this section.

(B) The credit allowed under Section 17061 (relating to refunds under the Unemployment Insurance Code).

(C) The credit allowed under Section 19002 (relating to tax withholding).

(D) Any refundable credit that is allowed under this part.

SEC. 2. Section 17053.37 of the Revenue and Taxation Code is amended to read:

17053.37. (a) For each taxable year beginning on or after January 1, 2001, and before January 1, 2006, a qualified taxpayer shall be allowed as a credit against the "net tax," as defined in Section 17039, an amount equal to 10 percent of the qualified cost of qualified property that is placed in service in this state.

(b) (1) For purposes of this section, "qualified cost" means any costs that satisfy each of the following conditions:

(A) Except as otherwise provided in this subparagraph, is a cost paid or incurred by the qualified taxpayer for the construction, reconstruction, or acquisition of qualified property on or after January 1, 2001, and before January 1, 2006. In the case of any qualified property constructed, reconstructed, or acquired by the qualified taxpayer (or any person related to the qualified taxpayer within the meaning of Section 267 or 707 of the Internal Revenue Code) pursuant to a binding contract in

existence on or before January 1, 2001, costs paid pursuant to that contract shall be subject to allocation as follows. Contract costs shall be allocated to qualified property based on a ratio of costs actually paid prior to January 1, 2001, and total contract costs actually paid. "Cost paid" shall include, without limitation, contractual deposits and option payments. To the extent of costs allocated, whether or not currently deductible or depreciable for tax purposes, to a period prior to January 1, 2001, the cost shall be deemed allocated to property acquired before January 1, 2001, and is thus not a "qualified cost."

(B) Except for capitalized labor costs as described in subparagraph (B) of paragraph (1) of subdivision (d), is an amount upon which the qualified taxpayer has paid, directly or indirectly, as a separately stated contract amount or as determined from the records of the qualified taxpayer, sales or use tax under Part 1 (commencing with Section 6001).

(C) Is an amount properly chargeable to the capital account of the qualified taxpayer.

(2) (A) For purposes of this subdivision, any contract entered into on or after January 1, 2001, that is a successor or replacement contract to a contract that was binding before January 1, 2001, shall be treated as a binding contract in existence before January 1, 2001.

(B) If a successor or replacement contract is entered into on or after January 1, 2001, and the subject of the successor or replacement contract relates both to amounts for the construction, reconstruction, or acquisition of qualified property described in the original binding contract and to costs for the construction, reconstruction, or acquisition of qualified property not described in the original binding contract, then the portion of those amounts described in the successor or replacement contract that were not described in the original binding contract shall not be treated as costs paid or incurred pursuant to a binding contract in existence on or prior to January 1, 2001, under subparagraph (A) of paragraph (1).

(3) (A) For purposes of this section, an option contract in existence before January 1, 2001, under which a qualified taxpayer (or any other person related to the qualified taxpayer within the meaning of Section 267 or 707 of the Internal Revenue Code) had an option to acquire qualified property, shall be treated as a binding contract under the rules in paragraph (2). For purposes of this subparagraph, an option contract shall not include an option under which the optionholder will forfeit an amount less than 10 percent of the fixed option price in the event the option is not exercised.

(B) For purposes of this section, a contract shall be treated as binding even if the contract is subject to a condition.

(c) (1) For purposes of this section, “qualified taxpayer” means any taxpayer under an initial contract or subcontract to manufacture property for ultimate use in a Joint Strike Fighter.

(2) 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 23637 shall be allowed to the passthrough entity and passed through to the partners or shareholders in accordance with applicable provisions of Part 10 (commencing with Section 17001) or Part 11 (commencing with Section 23001). For purposes of this paragraph, the term “passthrough entity” means any partnership or S corporation.

(3) The Franchise Tax Board may prescribe regulations to carry out the purposes of this section, including any regulations necessary to prevent the avoidance of the effect of this section through splitups, shell corporations, partnerships, tiered ownership structures, sale-leaseback transactions, or otherwise.

(d) (1) For purposes of this section, “qualified property” means property that is described as either of the following:

(A) Tangible personal property that is defined in Section 1245(a)(3)(A) of the Internal Revenue Code for use by a qualified taxpayer primarily in qualified activities to manufacture a product for ultimate use in a Joint Strike Fighter.

(B) The value of any capitalized labor costs that are direct costs as defined in Section 263A of the Internal Revenue Code allocable to the construction or modification of property described in subparagraph (A).

(2) Qualified property does not include any of the following:

(A) Furniture.

(B) Inventory.

(C) Equipment used to store finished products that have completed the manufacturing process.

(D) Any tangible personal property that is used in administration, general management, or marketing.

(e) For purposes of this section:

(1) “Fabricating” means to make, build, create, produce, or assemble components or property to work in a new or different manner.

(2) “Joint Strike Fighter” means the next generation air combat strike aircraft developed and produced under the Joint Strike Fighter program.

(3) “Joint Strike Fighter program” means the multiservice, multinational project conducted by the United States government to develop and produce the next generation of air combat strike aircraft.

(4) “Manufacturing” means the activity of converting or conditioning property by changing the form, composition, quality, or character of the property for ultimate use in a Joint Strike Fighter.

Manufacturing includes any improvements to tangible personal property that result in a greater service life or greater functionality than that of the original property.

(5) "Primarily" means tangible personal property used 50 percent or more of the time in an activity described in subparagraph (A) of paragraph (1) of subdivision (d).

(6) "Process" means the period beginning at the point at which any raw materials are received by the qualified taxpayer and introduced into the manufacturing, processing, or fabricating activity of the qualified taxpayer and ending at the point at which the manufacturing, processing, or fabricating activity of the qualified taxpayer has altered tangible personal property to its completed form, including packaging, if required. Raw materials shall be considered to have been introduced into the process when the raw materials are stored on the same premises where the qualified taxpayer's manufacturing, processing, or fabricating activity is conducted. Raw materials that are stored on premises other than where the qualified taxpayer's manufacturing, processing, or fabricating activity is conducted, shall not be considered to have been introduced into the manufacturing, processing, or fabricating process.

(7) "Processing" means the physical application of the materials and labor necessary to modify or change the characteristics of property.

(8) "Qualified activities" means manufacturing, processing, or fabricating of property, beginning at the point at which any raw materials are received by the qualified taxpayer and introduced into the process and ending at the point at which the manufacturing, processing, or fabricating has altered tangible personal property to its completed form, including packaging, if required.

(f) The credit allowed under subdivision (a) shall apply to qualified property that is acquired by or subject to lease by a qualified taxpayer, subject to the following special rules:

(1) A lessor of qualified property, irrespective of whether the lessor is a qualified taxpayer, shall not be allowed the credit provided under subdivision (a) with respect to any qualified property leased to another qualified taxpayer.

(2) For purposes of paragraphs (2) and (3) of subdivision (b), "binding contract" includes any lease agreement with respect to the qualified property.

(3) (A) For purposes of determining the qualified cost paid or incurred by a lessee in any leasing transaction that is not treated as a sale under Part 1 (commencing with Section 6001), the following rules shall apply:

(i) Except as provided by subparagraph (C) of this paragraph, subparagraphs (A) and (C) of paragraph (1) of subdivision (b) shall not apply.

(ii) Except as provided in subparagraph (B) and clause (iii), the “qualified cost” upon which the lessee shall compute the credit provided under this section shall be equal to the original cost to the lessor (within the meaning of Section 18031) of the qualified property that is the subject of the lease.

(iii) The requirement of subparagraph (B) of paragraph (1) of subdivision (b) shall be treated as satisfied only if the lessor has made a timely election under either Section 6094.1 or subdivision (d) of Section 6244 and has paid sales tax reimbursement or use tax measured by the purchase price of the qualified property (within the meaning of paragraph (5) of subdivision (g) of Section 6006). For purposes of this subdivision, the amount of original cost to the lessor which may be taken into account under clause (ii) shall not exceed the purchase price upon which sales tax reimbursement or use tax has been paid under the preceding sentence.

(B) For purposes of applying subparagraph (A) only, the following special rules shall apply:

(i) The original cost to the lessor of the qualified property shall be reduced by the amount of any original cost of that property that was taken into account by a predecessor lessee in computing the credit allowable under this section.

(ii) Clause (i) shall not apply in any case where the predecessor lessee was required to recapture the credit provided under this section pursuant to the provisions of subdivision (g).

(iii) For purposes of this section only, in any case where a successor lessor has acquired qualified property from a predecessor lessor in a transaction not treated as a sale under Part 1 (commencing with Section 6001), the original cost to the successor lessor of the qualified property shall be reduced by the amount of the original cost of the qualified property that was taken into account by any lessee of the predecessor lessor in computing the credit allowable under this section.

(C) In determining the original cost of any qualified property under this paragraph, only amounts paid or incurred by the lessor on or after January 1, 2001, and before January 1, 2006, shall be taken into account. In the case of any qualified property constructed, reconstructed, or acquired by a lessor pursuant to a binding contract in existence on or prior to January 1, 2001, the allocation rule specified in subparagraph (A) of paragraph (1) of subdivision (b) shall apply in determining the original cost to the lessor of qualified property.

(D) Notwithstanding subparagraph (A), in the case of any leasing transaction for which the lessee is allowed the credit under this section and thereafter the lessee (or any party related to the lessee within the meaning of Section 267 or 318 of the Internal Revenue Code) acquires the qualified property from the lessor (or any successor lessor) within



one year from the date the qualified property is first used by the lessee under the terms of the lease, the lessee's (or related party's) acquisition of the qualified property from the lessor (or successor lessor) shall be treated as a disposition by the lessee of the qualified property that was subject to the lease under subdivision (g).

(4) For purposes of determining the qualified cost paid or incurred by a lessee in any leasing transaction that is treated as a sale under Part 1 (commencing with Section 6001), the following rules shall apply:

(A) Subparagraph (A) of paragraph (1) of subdivision (b) shall be applied by substituting the term "purchase" for the term "construction, reconstruction, or acquisition."

(B) Subparagraph (C) of paragraph (1) of subdivision (b) shall apply.

(C) The requirement of subparagraph (B) of paragraph (1) of subdivision (b) shall be treated as satisfied at the time that either the lessor or the qualified taxpayer pays sales or use tax under Part 1 (commencing with Section 6001).

(5) (A) In the case of any leasing transaction described in paragraph (3), the lessor shall provide a statement to the lessee specifying the amount of the lessor's original cost of the qualified property and the amount of that cost upon which a sales or use tax was paid within 45 days after the close of the lessee's taxable year in which the credit is allowable to the lessee under this section.

(B) The statement required under subparagraph (A) shall be made available to the Franchise Tax Board upon request.

(g) No credit shall be allowed if the qualified property is removed from the state, is disposed of to an unrelated party, or is used for any purpose not qualifying for the credit provided in this section in the same taxable year in which the taxpayer first places the qualified property in service in this state. If any qualified property for which a credit is allowed pursuant to this section is thereafter removed from this state, disposed of to an unrelated party, or used for any purpose not qualifying for the credit provided in this section within one year from the date the taxpayer first places the qualified property in service in this state, the amount of the credit allowed by this section for that qualified property shall be recaptured by adding that credit amount to the net tax of the qualified taxpayer for the taxable year in which the qualified property is disposed of, removed, or put to an ineligible use.

(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" in the following year, and the seven succeeding years if necessary, until the credit is exhausted.

(i) (1) No credit shall be allowed under this section if a credit is claimed under Section 17053.49 in connection with the same property.



(2) No credit shall be allowed unless the credit is reflected within the bid upon which the qualified taxpayer's contract or subcontract to manufacture property for ultimate use in a Joint Strike Fighter is based by reducing the amount of the bid by the amount of the credit allowable.

(j) All references to the credit and ultimate cost reductions incorporated into any successful bid that was awarded a contract or subcontract and for which a qualified taxpayer is making a claim shall be made available to the Franchise Tax Board upon request.

(k) This section shall remain in effect only until December 1, 2006, and as of that date is repealed.

SEC. 3. Section 17053.84 of the Revenue and Taxation Code is amended to read:

17053.84. (a) For each taxable year beginning on or after January 1, 2001, and before January 1, 2004, there shall be allowed as a credit against the "net tax," as defined in Section 17039, an amount equal to the lesser of 15 percent of the cost that is paid or incurred by a taxpayer, after deducting the value of any other municipal, state, or federal sponsored financial incentives, during the taxable year for the purchase and installation of any solar or wind energy system installed on property in this state, or the applicable dollar amount per rated watt of that solar or wind energy system, as determined by the Franchise Tax Board in consultation with the State Energy Resources Conservation and Development Commission.

(b) For each taxable year beginning on or after January 1, 2004, and before January 1, 2006, there shall be allowed as a credit against the "net tax," as defined in Section 17039, an amount equal to the lesser of 7.5 percent of the cost that is paid or incurred by a taxpayer, after deducting the value of any other municipal, state, or federal sponsored financial incentives, during the taxable year for the purchase and installation of any solar or wind energy system installed on property in this state, or the applicable dollar amount per rated watt of that solar or wind energy system, as determined by the Franchise Tax Board in consultation with the State Energy Resources Conservation and Development Commission.

(c) For purposes of this section:

(1) "Applicable dollar amount" means four dollars and fifty cents (\$4.50) for any taxable year beginning on or after January 1, 2001, and before January 1, 2006.

(2) "Solar energy system" means a solar energy device, in the form of a photovoltaic system, with a peak generating capacity of up to, but not more than 200 kilowatts, used for the individual function of generating electricity, that is certified by the State Energy Resources Conservation and Development Commission and installed with a five-year warranty against breakdown or undue degradation.

(3) “Wind energy system” means a wind energy conversion system consisting of a wind turbine, a tower, and associated control or conversion electronics, with a peak generating capacity of up to, but not exceeding, 200 kilowatts, use for the individual function of generating electricity, that is certified by the State Energy Resources Conservation and Development Commission and installed with a five-year warranty against breakdown or undue degradation.

(4) A credit may be allowed under this section with respect to only one solar or wind energy system per each separate legal parcel of property or per each address of the taxpayer in the state.

(5) No credit may be allowed under this section unless the solar or wind energy system is actually used for purposes of producing electricity and primarily used to meet the taxpayer’s own energy needs.

(d) No other credit and no deduction may be allowed under this part for any cost for which a credit is allowed by this section. The basis of the solar or wind energy system shall be reduced by the amount allowed as a credit under subdivision (a) or (b).

(e) No credit shall be allowed to any taxpayer engaged in those lines of business described in Sector 22 of the North American Industry Classification System (NAICS) Manual published by the United States Office of Management and Budget, 1997 edition.

(f) If any solar or wind energy system for which a credit is allowed pursuant to this section is thereafter sold or removed from this state within one year from the date the solar or wind energy system is first placed in service in this state, the amount of credit allowed by this section for that solar or wind energy system shall be recaptured by adding that credit amount to the net tax of the taxpayer for the taxable year in which the solar or wind energy system is sold or removed.

(g) 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” in the following year, and the succeeding seven years if necessary, until the credit is exhausted.

(h) This section shall remain in effect only until December 1, 2006, and as of that date is repealed.

SEC. 4. Section 19283 of the Revenue and Taxation Code is amended to read:

19283. The Department of Justice, in consultation with the Franchise Tax Board, shall examine ways to enhance the use and effectiveness of this article through integration with the Department of Justice’s Wanted Persons System and shall report the findings and recommendations to the Legislature on or before January 1, 2002.

SEC. 5. Section 23637 of the Revenue and Taxation Code is amended to read:

23637. (a) For each taxable year beginning on or after January 1, 2001, and before January 1, 2006, a qualified taxpayer shall be allowed as a credit against the "tax," as defined in Section 23036, an amount equal to 10 percent of the qualified cost of qualified property that is placed in service in this state.

(b) (1) For purposes of this section, "qualified cost" means any costs that satisfy each of the following conditions:

(A) Except as otherwise provided in this subparagraph, is a cost paid or incurred by the qualified taxpayer for the construction, reconstruction, or acquisition of qualified property on or after January 1, 2001, and before January 1, 2006. In the case of any qualified property constructed, reconstructed, or acquired by the qualified taxpayer (or any person related to the qualified taxpayer within the meaning of Section 267 or 707 of the Internal Revenue Code) pursuant to a binding contract in existence on or before January 1, 2001, costs paid pursuant to that contract shall be subject to allocation as follows. Contract costs shall be allocated to qualified property based on a ratio of costs actually paid prior to January 1, 2001, and total contract costs actually paid. "Cost paid" shall include, without limitation, contractual deposits and option payments. To the extent of costs allocated, whether or not currently deductible or depreciable for tax purposes, to a period prior to January 1, 2001, the cost shall be deemed allocated to property acquired before January 1, 2001, and is thus not a "qualified cost."

(B) Except for capitalized labor costs as described in subparagraph (B) of paragraph (1) of subdivision (d), is an amount upon which the qualified taxpayer has paid, directly or indirectly, as a separately stated contract amount or as determined from the records of the qualified taxpayer, sales or use tax under Part 1 (commencing with Section 6001).

(C) Is an amount properly chargeable to the capital account of the qualified taxpayer.

(2) (A) For purposes of this subdivision, any contract entered into on or after January 1, 2001, that is a successor or replacement contract to a contract that was binding before January 1, 2001, shall be treated as a binding contract in existence before January 1, 2001.

(B) If a successor or replacement contract is entered into on or after January 1, 2001, and the subject of the successor or replacement contract relates both to amounts for the construction, reconstruction, or acquisition of qualified property described in the original binding contract and to costs for the construction, reconstruction, or acquisition of qualified property not described in the original binding contract, then the portion of those amounts described in the successor or replacement contract that were not described in the original binding contract shall not be treated as costs paid or incurred pursuant to a binding contract in

existence on or prior to January 1, 2001, under subparagraph (A) of paragraph (1).

(3) (A) For purposes of this section, an option contract in existence before January 1, 2001, under which a qualified taxpayer (or any other person related to the qualified taxpayer within the meaning of Section 267 or 707 of the Internal Revenue Code) had an option to acquire qualified property, shall be treated as a binding contract under the rules in paragraph (2). For purposes of this subparagraph, an option contract shall not include an option under which the optionholder will forfeit an amount less than 10 percent of the fixed option price in the event the option is not exercised.

(B) For purposes of this section, a contract shall be treated as binding even if the contract is subject to a condition.

(c) (1) For purposes of this section, “qualified taxpayer” means any taxpayer under an initial contract or subcontract to manufacture property for ultimate use in a Joint Strike Fighter.

(2) 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 17053.37 shall be allowed to the passthrough entity and passed through to the partners or shareholders in accordance with applicable provisions of Part 10 (commencing with Section 17001) or Part 11 (commencing with Section 23001). For purposes of this paragraph, the term “passthrough entity” means any partnership or S corporation.

(3) The Franchise Tax Board may prescribe regulations to carry out the purposes of this section, including any regulations necessary to prevent the avoidance of the effect of this section through splitups, shell corporations, partnerships, tiered ownership structures, sale-leaseback transactions, or otherwise.

(d) (1) For purposes of this section, “qualified property” means property that is described as either of the following:

(A) Tangible personal property that is defined in Section 1245(a)(3)(A) of the Internal Revenue Code for use by a qualified taxpayer primarily in qualified activities to manufacture a product for ultimate use in a Joint Strike Fighter.

(B) The value of any capitalized labor costs that are direct costs as defined in Section 263A of the Internal Revenue Code allocable to the construction or modification of property described in subparagraph (A).

(2) Qualified property does not include any of the following:

(A) Furniture.

(B) Inventory.

(C) Equipment used to store finished products that have completed the manufacturing process.

(D) Any tangible personal property that is used in administration, general management, or marketing.

(e) For purposes of this section:

(1) "Fabricating" means to make, build, create, produce, or assemble components or property to work in a new or different manner.

(2) "Joint Strike Fighter" means the next generation air combat strike aircraft developed and produced under the Joint Strike Fighter program.

(3) "Joint Strike Fighter program" means the multiservice, multinational project conducted by the United States government to develop and produce the next generation of air combat strike aircraft.

(4) "Manufacturing" means the activity of converting or conditioning property by changing the form, composition, quality, or character of the property for ultimate use in a Joint Strike Fighter. Manufacturing includes any improvements to tangible personal property that result in a greater service life or greater functionality than that of the original property.

(5) "Primarily" means tangible personal property used 50 percent or more of the time in an activity described in subparagraph (A) of paragraph (1) of subdivision (d).

(6) "Process" means the period beginning at the point at which any raw materials are received by the qualified taxpayer and introduced into the manufacturing, processing, or fabricating activity of the qualified taxpayer and ending at the point at which the manufacturing, processing, or fabricating activity of the qualified taxpayer has altered tangible personal property to its completed form, including packaging, if required. Raw materials shall be considered to have been introduced into the process when the raw materials are stored on the same premises where the qualified taxpayer's manufacturing, processing, or fabricating activity is conducted. Raw materials that are stored on premises other than where the qualified taxpayer's manufacturing, processing, or fabricating activity is conducted, shall not be considered to have been introduced into the manufacturing, processing, or fabricating process.

(7) "Processing" means the physical application of the materials and labor necessary to modify or change the characteristics of property.

(8) "Qualified activities" means manufacturing, processing, or fabricating of property, beginning at the point at which any raw materials are received by the qualified taxpayer and introduced into the process and ending at the point at which the manufacturing, processing, or fabricating has altered tangible personal property to its completed form, including packaging, if required.

(f) The credit allowed under subdivision (a) shall apply to qualified property that is acquired by or subject to lease by a qualified taxpayer, subject to the following special rules:

(1) A lessor of qualified property, irrespective of whether the lessor is a qualified taxpayer, shall not be allowed the credit provided under subdivision (a) with respect to any qualified property leased to another qualified taxpayer.

(2) For purposes of paragraphs (2) and (3) of subdivision (b), “binding contract” includes any lease agreement with respect to the qualified property.

(3) (A) For purposes of determining the qualified cost paid or incurred by a lessee in any leasing transaction that is not treated as a sale under Part 1 (commencing with Section 6001), the following rules shall apply:

(i) Except as provided by subparagraph (C) of this paragraph, subparagraphs (A) and (C) of paragraph (1) of subdivision (b) shall not apply.

(ii) Except as provided in subparagraph (B) and clause (iii), the “qualified cost” upon which the lessee shall compute the credit provided under this section shall be equal to the original cost to the lessor (within the meaning of Section 18031) of the qualified property that is the subject of the lease.

(iii) The requirement of subparagraph (B) of paragraph (1) of subdivision (b) shall be treated as satisfied only if the lessor has made a timely election under either Section 6094.1 or subdivision (d) of Section 6244 and has paid sales tax reimbursement or use tax measured by the purchase price of the qualified property (within the meaning of paragraph (5) of subdivision (g) of Section 6006). For purposes of this subdivision, the amount of original cost to the lessor which may be taken into account under clause (ii) shall not exceed the purchase price upon which sales tax reimbursement or use tax has been paid under the preceding sentence.

(B) For purposes of applying subparagraph (A) only, the following special rules shall apply:

(i) The original cost to the lessor of the qualified property shall be reduced by the amount of any original cost of that property that was taken into account by a predecessor lessee in computing the credit allowable under this section.

(ii) Clause (i) shall not apply in any case where the predecessor lessee was required to recapture the credit provided under this section pursuant to the provisions of subdivision (g).

(iii) For purposes of this section only, in any case where a successor lessor has acquired qualified property from a predecessor lessor in a transaction not treated as a sale under Part 1 (commencing with Section 6001), the original cost to the successor lessor of the qualified property shall be reduced by the amount of the original cost of the qualified

property that was taken into account by any lessee of the predecessor lessor in computing the credit allowable under this section.

(C) In determining the original cost of any qualified property under this paragraph, only amounts paid or incurred by the lessor on or after January 1, 2001, and before January 1, 2006, shall be taken into account. In the case of any qualified property constructed, reconstructed, or acquired by a lessor pursuant to a binding contract in existence on or prior to January 1, 2001, the allocation rule specified in subparagraph (A) of paragraph (1) of subdivision (b) shall apply in determining the original cost to the lessor of qualified property.

(D) Notwithstanding subparagraph (A), in the case of any leasing transaction for which the lessee is allowed the credit under this section and thereafter the lessee (or any party related to the lessee within the meaning of Section 267 or 318 of the Internal Revenue Code) acquires the qualified property from the lessor (or any successor lessor) within one year from the date the qualified property is first used by the lessee under the terms of the lease, the lessee's (or related party's) acquisition of the qualified property from the lessor (or successor lessor) shall be treated as a disposition by the lessee of the qualified property that was subject to the lease under subdivision (g).

(4) For purposes of determining the qualified cost paid or incurred by a lessee in any leasing transaction that is treated as a sale under Part 1 (commencing with Section 6001), the following rules shall apply:

(A) Subparagraph (A) of paragraph (1) of subdivision (b) shall be applied by substituting the term "purchase" for the term "construction, reconstruction, or acquisition."

(B) Subparagraph (C) of paragraph (1) of subdivision (b) shall apply.

(C) The requirement of subparagraph (B) of paragraph (1) of subdivision (b) shall be treated as satisfied at the time that either the lessor or the qualified taxpayer pays sales or use tax under Part 1 (commencing with Section 6001).

(5) (A) In the case of any leasing transaction described in paragraph (3), the lessor shall provide a statement to the lessee specifying the amount of the lessor's original cost of the qualified property and the amount of that cost upon which a sales or use tax was paid within 45 days after the close of the lessee's taxable year in which the credit is allowable to the lessee under this section.

(B) The statement required under subparagraph (A) shall be made available to the Franchise Tax Board upon request.

(g) No credit shall be allowed if the qualified property is removed from the state, is disposed of to an unrelated party, or is used for any purpose not qualifying for the credit provided in this section in the same taxable year in which the taxpayer first places the qualified property in service in this state. If any qualified property for which a credit is allowed



pursuant to this section is thereafter removed from this state, disposed of to an unrelated party, or used for any purpose not qualifying for the credit provided in this section within one year from the date the taxpayer first places the qualified property in service in this state, the amount of the credit allowed by this section for that qualified property shall be recaptured by adding that credit amount to the tax of the qualified taxpayer for the taxable year in which the qualified property is disposed of, removed, or put to an ineligible use.

(h) In the case where the credit allowed by this section exceeds the "tax," the excess may be carried over to reduce the "tax" in the following year, and the seven succeeding years if necessary, until the credit is exhausted.

(i) (1) No credit shall be allowed under this section if a credit is claimed under Section 23649 in connection with the same property.

(2) No credit shall be allowed unless the credit is reflected within the bid upon which the qualified taxpayer's contract or subcontract to manufacture property for ultimate use in a Joint Strike Fighter is based by reducing the amount of the bid by the amount of the credit allowable.

(j) All references to the credit and ultimate cost reductions incorporated into any successful bid that was awarded a contract or subcontract and for which a qualified taxpayer is making a claim shall be made available to the Franchise Tax Board upon request.

(k) This section shall remain in effect only until December 1, 2006, and as of that date is repealed.

SEC. 6. Section 23684 of the Revenue and Taxation Code is amended to read:

23684. (a) For each taxable year beginning on or after January 1, 2001, and before January 1, 2004, there shall be allowed as a credit against the "tax," as defined in Section 23036, an amount equal to the lesser of 15 percent of the cost that is paid or incurred by a taxpayer, after deducting the value of any other municipal, state, or federal sponsored financial incentives, during the taxable year for the purchase and installation of any solar or wind energy system installed on property in this state, or the applicable dollar amount per rated watt of that solar or wind energy system, as determined by the Franchise Tax Board in consultation with the State Energy Resources Conservation and Development Commission.

(b) For each taxable year beginning on or after January 1, 2004, and before January 1, 2006, there shall be allowed as a credit against the "net tax," as defined in Section 17039, an amount equal to the lesser of 7.5 percent of the cost that is paid or incurred by a taxpayer, after deducting the value of any other municipal, state, or federal sponsored financial incentives, during the taxable year for the purchase and installation of any solar or wind energy system installed on property in this state, or the



applicable dollar amount per rated watt of that solar or wind energy system, as determined by the Franchise Tax Board in consultation with the State Energy Resources Conservation and Development Commission.

(c) For purposes of this section:

(1) "Applicable dollar amount" means four dollars and fifty cents (\$4.50) for any taxable year beginning on or after January 1, 2001, and before January 1, 2006.

(2) "Solar energy system" means a solar energy device, in the form of a photovoltaic system, with a peak generating capacity of up to, but not more than 200 kilowatts, used for the individual function of generating electricity, that is certified by the State Energy Resources Conservation and Development Commission and installed with a five-year warranty against breakdown or undue degradation.

(3) "Wind energy system" means a wind energy conversion system consisting of a wind turbine, a tower, and associated control or conversion electronics, with a peak generating capacity of up to, but not exceeding, 200 kilowatts, used for the individual function of generating electricity, that is certified by the State Energy Resources Conservation and Development Commission and installed with a five-year warranty against breakdown or undue degradation.

(4) A credit may be allowed under this section with respect to only one solar or wind energy system per each separate legal parcel of property or per each address of the taxpayer in the state.

(5) No credit may be allowed under this section unless the solar or wind energy system is actually used for purposes of producing electricity and is primarily used to meet the taxpayer's own energy needs.

(d) No other credit and no deduction may be allowed under this part for any cost for which a credit is allowed by this section. The basis of the solar or wind energy system shall be reduced by the amount allowed as a credit under subdivision (a) or (b).

(e) No credit may be allowed to any taxpayer engaged in those lines of business described in Sector 22 of the North American Industry Classification System (NAICS) Manual published by the United States Office of Management and Budget, 1997 edition.

(f) If any solar or wind energy system for which a credit is allowed pursuant to this section is thereafter sold or removed from this state within one year from the date the solar or wind energy system is first placed in service in this state, the amount of credit allowed by this section for that solar or wind energy system shall be recaptured by adding that credit amount to the tax of the taxpayer for the taxable year in which the solar or wind energy system is sold or removed.

(g) In the case where the credit allowed by this section exceeds the "tax," the excess may be carried over to reduce the "tax" in the

following year, and the succeeding seven years if necessary, until the credit is exhausted.

(h) This section shall remain in effect only until December 1, 2006, and as of that date is repealed.

SEC. 7. Section 24994 of the Revenue and Taxation Code is repealed.

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## CHAPTER 488

An act to amend Sections 17052.2, 17276, 17276.3, 18662, 18663, 18668, 19136.8, 19183, 23457, 24348, 24416, 24416.3, and 24449 of, and to add and repeal Sections 7093.8 and 19444 of, the Revenue and Taxation Code, and to amend Section 13043 of the Unemployment Insurance Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 7093.8 is added to the Revenue and Taxation Code, to read:

7093.8. (a) (1) For the period beginning on October 1, 2002, and ending on June 30, 2003, an eligible taxpayer's liability, with respect to any unpaid taxes, may be satisfied by the payment of an eligible amount. The authority granted by this section is limited to an unpaid tax liability that has been determined by the State Board of Equalization to be a high-risk collection account.

(2) The liability of an eligible taxpayer for any unpaid penalties and interest included in the computation of the unpaid tax liability shall be extinguished only upon receipt by the State Board of Equalization of all payments equal to the eligible amount on or before the final due date for payment established by the State Board of Equalization.

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

(1) "Eligible taxpayer" means any person that receives notification from the State Board of Equalization that the taxpayer's unpaid tax liability may be satisfied by the payment of an eligible amount.

(2) "Eligible amount" means an amount equal to any unpaid tax liability, excluding penalties and interest, owed by the eligible taxpayer that is paid in one or more installments, as determined by the State Board of Equalization, on or before the due date established by the State Board of Equalization, but in no event later than June 30, 2004.

(3) “High-risk collection account” means any unpaid tax liability of a taxpayer where satisfaction of that liability under this section would be in the best interest of the state and shall include any unpaid tax liability for which the State Board of Equalization has made either of the following determinations:

(A) Under the State Board of Equalization’s collection modeling policies, practices, and procedures, efforts to collect the unpaid tax liability would not be economical.

(B) The unpaid tax liability would not be paid in full within a reasonable period of time.

(4) “Unpaid tax liability” means any final liability under Part 1 (commencing with Section 6001), including tax, penalties, and interest, that are owed by a person and, as of October 1, 2002, are unpaid.

(c) No refund or credit shall be granted with respect to any penalty or interest paid or collected with respect to an unpaid tax liability prior to October 1, 2002.

(d) The determinations made by the State Board of Equalization pursuant to this section shall be final and conclusive and shall not be subject to review by any other officer, employee, or agent of the state, or by any court.

(e) Nothing in Section 7056, or in any other provision of law, shall be construed to require the disclosure of standards used or to be used in connection with any determinations made by the State Board of Equalization for purposes of this section, or the data used or to be used for determining those standards if the State Board of Equalization determines that the disclosure will seriously impair assessment, collection, or enforcement under this part.

(f) Nothing in this section shall authorize the State Board of Equalization to compromise any final tax liability.

(g) The Legislature finds that it is essential for fiscal purposes that the special collection efforts authorized by this section be expeditiously implemented. Accordingly, Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code shall not apply to any standard, criterion, procedure, determination, rule, notice, or guideline established or issued in implementing and administering the program required by this section.

(h) This section shall be operative with respect to unpaid tax liabilities of high-risk collection accounts that are the subject of notifications made to eligible taxpayers on or after October 1, 2002, and before July 1, 2003.

(i) Whenever a “high-risk collection account” is forgiven of any penalties and interest pursuant to this section, the public record shall include all of the following information:

(1) The name of the taxpayer.

(2) The amount of related penalties and interest relieved.

(3) A summary of the reason why the relief is in the best interest of the state.

(j) This section shall remain in effect only until December 31, 2004, and as of that date is repealed.

SEC. 1.3. Section 17052.2 of the Revenue and Taxation Code is amended to read:

17052.2. (a) For each taxable year beginning on or after January 1, 2000, and before January 1, 2002, and for each taxable year beginning on or after January 1, 2003, there shall be allowed as a credit against the "net tax" (as defined by Section 17039) to a credentialed teacher an amount equal to the amount determined in subdivision (b).

(b) The amount of the credit shall be the lesser of the amounts computed under paragraph (1) or (2):

(1) In the case of any credentialed teacher who has, as of the last day of the taxable year:

(A) Completed at least four but less than six years of service as a credentialed teacher, the credit shall be two hundred fifty dollars (\$250).

(B) Completed at least six but less than 11 years of service as a credentialed teacher, the credit shall be five hundred dollars (\$500).

(C) Completed at least 11 but less than 20 years of service as a credentialed teacher, the credit shall be one thousand dollars (\$1,000).

(D) Completed 20 or more years of service as a credentialed teacher, the credit shall be one thousand five hundred dollars (\$1,500).

(E) For purposes of determining years of service, years of service performed as a teacher in a qualifying educational institution, which otherwise meets the criteria specified in subdivision (d) except that the qualifying educational institution is not located in this state, in another state shall qualify for each year the teacher was credentialed by the public education agency in that state.

(2) Fifty percent of the amount determined as follows:

(A) Divide the amount received by the taxpayer as wages and salary for services as a credentialed teacher, as defined in paragraph (3) of subdivision (c), by the taxpayer's total adjusted gross income from all sources.

(B) Multiply the taxpayer's total tax, as defined in paragraph (4) of subdivision (c), by a ratio, not to exceed 1.00, that is otherwise equal to the ratio determined for the taxpayer under subparagraph (A).

(c) For purposes of this section, all of the following definitions apply:

(1) "Credentialed teacher" means a person who holds a preliminary or professional clear credential as determined by the Commission on Teacher Credentialing pursuant to Article 1 (commencing with Section 44200) of Chapter 2 of Part 25 of Division 2 of Title 2 of the Education Code and who teaches at a qualifying educational institution.

(2) "Qualifying educational institution" means any elementary, secondary, or vocational-technical school located in this state providing education for kindergarten, grades 1 to 12, inclusive, or any part thereof. "Qualifying educational institution" includes an agency or instrumentality of the federal government providing education for grades kindergarten, grades 1 to 12, inclusive, or any part thereof, at any location within this state, including an Indian reservation or a military installation located within the geographical borders of this state, where a credentialed teacher is employed by the federal government or an agency or instrumentality thereof. "Qualifying educational institution" includes any elementary, secondary, or vocational technical school located in California, that files an affidavit pursuant to Sections 33190 and 33191 of the Education Code, and provides education for kindergarten and grades 1 to 12, inclusive, or any part thereof.

(3) "Wages and salaries for services as a credentialed teacher" includes only those amounts received with respect to services performed as a credentialed teacher, but does not include pensions or other deferred compensation.

(4) "Total tax" means the tax imposed under this part for the taxable year, before the application under Section 19007 of any payment of estimated tax or any installment thereof, less all credits allowed for the taxable year except for the following:

(A) The credit allowed under this section.

(B) The credit allowed under Section 17061 (relating to refunds under the Unemployment Insurance Code).

(C) The credit allowed under Section 19002 (relating to tax withholding).

(D) Any refundable credit that is allowed under this part.

SEC. 1.5. Section 17276 of the Revenue and Taxation Code is amended to read:

17276. Except as provided in Sections 17276.1, 17276.2, 17276.4, 17276.5, 17276.6, and 17276.7, the deduction provided by Section 172 of the Internal Revenue Code, relating to a net operating loss deduction, shall be modified as follows:

(a) (1) Net operating losses attributable to taxable years beginning before January 1, 1987, shall not be allowed.

(2) A net operating loss shall not be carried forward to any taxable year beginning before January 1, 1987.

(b) (1) Except as provided in paragraphs (2) and (3), the provisions of Section 172(b)(2) of the Internal Revenue Code, relating to the amount of carryovers, shall be modified so that the applicable percentage of the entire amount of the net operating loss for any taxable year shall be eligible for carryover to any subsequent taxable year. For purposes of this subdivision, the applicable percentage shall be:

(A) Fifty percent for any taxable year beginning before January 1, 2000.

(B) Fifty-five percent for any taxable year beginning on or after January 1, 2000, and before January 1, 2002.

(C) Sixty percent for any taxable year beginning on or after January 1, 2002, and before January 1, 2004.

(D) One hundred percent for any taxable year beginning on or after January 1, 2004.

(2) In the case of a taxpayer who has a net operating loss in any taxable year beginning on or after January 1, 1994, and who operates a new business during that taxable year, each of the following shall apply to each loss incurred during the first three taxable years of operating the new business:

(A) If the net operating loss is equal to or less than the net loss from the new business, 100 percent of the net operating loss shall be carried forward as provided in subdivision (d).

(B) If the net operating loss is greater than the net loss from the new business, the net operating loss shall be carried over as follows:

(i) With respect to an amount equal to the net loss from the new business, 100 percent of that amount shall be carried forward as provided in subdivision (d).

(ii) With respect to the portion of the net operating loss that exceeds the net loss from the new business, the applicable percentage of that amount shall be carried forward as provided in subdivision (d).

(C) For purposes of Section 172(b)(2) of the Internal Revenue Code, the amount described in clause (ii) of subparagraph (B) shall be absorbed before the amount described in clause (i) of subparagraph (B).

(3) In the case of a taxpayer who has a net operating loss in any taxable year beginning on or after January 1, 1994, and who operates an eligible small business during that taxable year, each of the following shall apply:

(A) If the net operating loss is equal to or less than the net loss from the eligible small business, 100 percent of the net operating loss shall be carried forward to the taxable years specified in subdivision (d).

(B) If the net operating loss is greater than the net loss from the eligible small business, the net operating loss shall be carried over as follows:

(i) With respect to an amount equal to the net loss from the eligible small business, 100 percent of that amount shall be carried forward as provided in subdivision (d).

(ii) With respect to that portion of the net operating loss that exceeds the net loss from the eligible small business, the applicable percentage of that amount shall be carried forward as provided in subdivision (d).

(C) For purposes of Section 172(b)(2) of the Internal Revenue Code, the amount described in clause (ii) of subparagraph (B) shall be absorbed before the amount described in clause (i) of subparagraph (B).

(4) In the case of a taxpayer who has a net operating loss in a taxable year beginning on or after January 1, 1994, and who operates a business that qualifies as both a new business and an eligible small business under this section, that business shall be treated as a new business for the first three taxable years of the new business.

(5) In the case of a taxpayer who has a net operating loss in a taxable year beginning on or after January 1, 1994, and who operates more than one business, and more than one of those businesses qualifies as either a new business or an eligible small business under this section, paragraph (2) shall be applied first, except that if there is any remaining portion of the net operating loss after application of clause (i) of subparagraph (B) of that paragraph, paragraph (3) shall be applied to the remaining portion of the net operating loss as though that remaining portion of the net operating loss constituted the entire net operating loss.

(6) For purposes of this section, the term “net loss” means the amount of net loss after application of Sections 465 and 469 of the Internal Revenue Code.

(c) Net operating loss carrybacks shall not be allowed.

(d) (1) (A) For a net operating loss for any taxable year beginning on or after January 1, 1987, and before January 1, 2000, Section 172(b)(1)(A)(ii) of the Internal Revenue Code, relating to years to which net operating losses may be carried, is modified to substitute “five taxable years” in lieu of “20 taxable years” except as otherwise provided in paragraphs (2) and (3).

(B) For a net operating loss for any taxable year beginning on or after January 1, 2000, Section 172(b)(1)(A)(ii) of the Internal Revenue Code, relating to years to which net operating losses may be carried, is modified to substitute “10 taxable years” in lieu of “20 taxable years.”

(2) For any taxable year beginning before January 1, 2000, in the case of a “new business,” the “five taxable years” in paragraph (1) shall be modified to read as follows:

(A) “Eight taxable years” for a net operating loss attributable to the first taxable year of that new business.

(B) “Seven taxable years” for a net operating loss attributable to the second taxable year of that new business.

(C) “Six taxable years” for a net operating loss attributable to the third taxable year of that new business.

(3) For any carryover of a net operating loss for which a deduction is denied by Section 17276.3, the carryover period specified in this subdivision shall be extended as follows:



(A) By one year for a net operating loss attributable to taxable years beginning in 1991.

(B) By two years for a net operating loss attributable to taxable years beginning prior to January 1, 1991.

(4) The net operating loss attributable to taxable years beginning on or after January 1, 1987, and before January 1, 1994, shall be a net operating loss carryover to each of the 10 taxable years following the year of the loss if it is incurred by a taxpayer that is under the jurisdiction of the court in a Title 11 or similar case at any time during the income year. The loss carryover provided in the preceding sentence shall not apply to any loss incurred after the date the taxpayer is no longer under the jurisdiction of the court in a Title 11 or similar case.

(e) For purposes of this section:

(1) "Eligible small business" means any trade or business that has gross receipts, less returns and allowances, of less than one million dollars (\$1,000,000) during the taxable year.

(2) Except as provided in subdivision (f), "new business" means any trade or business activity that is first commenced in this state on or after January 1, 1994.

(3) "Title 11 or similar case" shall have the same meaning as in Section 368(a)(3) of the Internal Revenue Code.

(4) In the case of any trade or business activity conducted by a partnership or "S corporation," paragraphs (1) and (2) shall be applied to the partnership or "S corporation."

(f) For purposes of this section, in determining whether a trade or business activity qualifies as a new business under paragraph (2) of subdivision (e), the following rules shall apply:

(1) In any case where a taxpayer purchases or otherwise acquires all or any portion of the assets of an existing trade or business (irrespective of the form of entity) that is doing business in this state (within the meaning of Section 23101), the trade or business thereafter conducted by the taxpayer (or any related person) shall not be treated as a new business if the aggregate fair market value of the acquired assets (including real, personal, tangible, and intangible property) used by the taxpayer (or any related person) in the conduct of its trade or business exceeds 20 percent of the aggregate fair market value of the total assets of the trade or business being conducted by the taxpayer (or any related person). For purposes of this paragraph only, the following rules shall apply:

(A) The determination of the relative fair market values of the acquired assets and the total assets shall be made as of the last day of the first taxable year in which the taxpayer (or any related person) first uses any of the acquired trade or business assets in its business activity.



(B) Any acquired assets that constituted property described in Section 1221(1) of the Internal Revenue Code in the hands of the transferor shall not be treated as assets acquired from an existing trade or business, unless those assets also constitute property described in Section 1221(1) of the Internal Revenue Code in the hands of the acquiring taxpayer (or related person).

(2) In any case where a taxpayer (or any related person) is engaged in one or more trade or business activities in this state, or has been engaged in one or more trade or business activities in this state within the preceding 36 months (“prior trade or business activity”), and thereafter commences an additional trade or business activity in this state, the additional trade or business activity shall only be treated as a new business if the additional trade or business activity is classified under a different division of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition, than are any of the taxpayer’s (or any related person’s) current or prior trade or business activities.

(3) In any case where a taxpayer, including all related persons, is engaged in trade or business activities wholly outside of this state and the taxpayer first commences doing business in this state (within the meaning of Section 23101) after December 31, 1993 (other than by purchase or other acquisition described in paragraph (1)), the trade or business activity shall be treated as a new business under paragraph (2) of subdivision (e).

(4) In any case where the legal form under which a trade or business activity is being conducted is changed, the change in form shall be disregarded and the determination of whether the trade or business activity is a new business shall be made by treating the taxpayer as having purchased or otherwise acquired all or any portion of the assets of an existing trade or business under the rules of paragraph (1) of this subdivision.

(5) “Related person” shall mean any person that is related to the taxpayer under either Section 267 or 318 of the Internal Revenue Code.

(6) “Acquire” shall include any gift, inheritance, transfer incident to divorce, or any other transfer, whether or not for consideration.

(7) (A) For taxable years beginning on or after January 1, 1997, the term “new business” shall include any taxpayer that is engaged in biopharmaceutical activities or other biotechnology activities that are described in Codes 2833 to 2836, inclusive, of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition, and as further amended, and that has not received regulatory approval for any product from the United States Food and Drug Administration.

(B) For purposes of this paragraph:

(i) “Biopharmaceutical activities” means those activities that use organisms or materials derived from organisms, and their cellular, subcellular, or molecular components, in order to provide pharmaceutical products for human or animal therapeutics and diagnostics. Biopharmaceutical activities make use of living organisms to make commercial products, as opposed to pharmaceutical activities that make use of chemical compounds to produce commercial products.

(ii) “Other biotechnology activities” means activities consisting of the application of recombinant DNA technology to produce commercial products, as well as activities regarding pharmaceutical delivery systems designed to provide a measure of control over the rate, duration, and site of pharmaceutical delivery.

(g) In computing the modifications under Section 172(d)(2) of the Internal Revenue Code, relating to capital gains and losses of taxpayers other than corporations, the exclusion provided by Section 18152.5 shall not be allowed.

(h) Notwithstanding any provisions of this section to the contrary, a deduction shall be allowed to a “qualified taxpayer” as provided in Sections 17276.1, 17276.2, 17276.4, 17276.5, 17276.6, and 17276.7.

(i) The Franchise Tax Board may prescribe appropriate regulations to carry out the purposes of this section, including any regulations necessary to prevent the avoidance of the purposes of this section through splitups, shell corporations, partnerships, tiered ownership structures, or otherwise.

(j) The Franchise Tax Board may reclassify any net operating loss carryover determined under either paragraph (2) or (3) of subdivision (b) as a net operating loss carryover under paragraph (1) of subdivision (b) upon a showing that the reclassification is necessary to prevent evasion of the purposes of this section.

(k) Except as otherwise provided, the amendments made by Chapter 107 of the Statutes of 2000 shall apply to net operating losses for taxable years beginning on or after January 1, 2000.

SEC. 2. Section 17276.3 of the Revenue and Taxation Code is amended to read:

17276.3. (a) Notwithstanding Sections 17276, 17276.1, 17276.2, 17276.4, 17276.5, 17276.6, and 17276.7 of this code and Section 172 of the Internal Revenue Code, no net operating loss deduction shall be allowed for any taxable year beginning on or after January 1, 2002, and before January 1, 2004.

(b) For any carryover of a net operating loss for which a deduction is denied by subdivision (a), the carryover period under Section 172 of the Internal Revenue Code shall be extended as follows:

(1) By one year, for losses incurred in taxable years beginning on or after January 1, 2002, and before January 1, 2003.

(2) By two years, for losses incurred in taxable years beginning before January 1, 2002.

SEC. 3. Section 18662 of the Revenue and Taxation Code is amended to read:

18662. (a) The Franchise Tax Board may, by regulation, require any person, in whatever capacity acting (including lessees or mortgagors of real or personal property, fiduciaries, employers, and any officer or department of the state or any political subdivision or agency of the state, or any city organized under a freeholder's charter, or any political body not a subdivision or agency of the state), having the control, receipt, custody, disposal, or payment of items of income specified in subdivision (b), to withhold an amount, determined by the Franchise Tax Board to reasonably represent the amount of tax due when the items of income are included with other income of the taxpayer, and to transmit the amount withheld to the Franchise Tax Board at the time as it may designate.

(b) The items of income referred to in subdivision (a) are interest, dividends, rents, prizes and winnings, premiums, annuities, emoluments, compensation for services, including bonuses, partnership income or gains, and other fixed or determinable annual or periodical gains, profits, and income.

(c) The Franchise Tax Board may authorize the tax under subdivision (a) to be deducted and withheld from the interest upon any securities the owners of which are not known to the withholding agent.

(d) Any person failing to withhold from any payments any amounts required by subdivision (a) to be withheld is liable for the amount withheld or the amount of taxes due from the person to whom the payments are made to an extent not in excess of the amounts required to be withheld, whichever is greater, unless it is shown that the failure to withhold is due to reasonable cause.

(e) (1) In the case of any disposition of a California real property interest by an individual, the transferee (including for this purpose any intermediary or accommodator in a deferred exchange) shall be required to withhold an amount equal to  $3\frac{1}{3}$  percent of the sales price of the California real property conveyed.

(2) Notwithstanding any other provision of this subdivision, all of the following shall apply:

(A) No transferee shall be required to withhold any amount under this subdivision unless the sales price of the California real property conveyed exceeds one hundred thousand dollars (\$100,000).

(B) No transferee (other than an intermediary or an accommodator in a deferred exchange) shall be required to withhold any amount under this subdivision unless written notification of the withholding requirements of this subdivision has been provided by the real estate escrow person.

(C) No transferee shall be required to withhold under this subdivision when the transferee is a corporate beneficiary under a mortgage or beneficiary under a deed of trust and the California real property is acquired in judicial or nonjudicial foreclosure or by a deed in lieu of foreclosure.

(D) No transferee shall be required to withhold any amount under this subdivision if the transferee, in good faith and based upon all the information of which he or she has knowledge, relies on a written certificate executed by the transferor, certifying under penalty of perjury, that the California real property being conveyed is the principal residence of the transferor (within the meaning of Section 121 of the Internal Revenue Code).

(E) (i) No transferee (including for this purpose any intermediary or accommodator in a deferred exchange) shall be required to withhold any amount under this subdivision if the transferee, in good faith and based on all the information of which he or she has knowledge, relies on a written certificate executed by the transferor, certifying under penalty of perjury, that the California real property being conveyed is exchanged, or will be exchanged, for property of like kind (within the meaning of Section 1031 of the Internal Revenue Code), but only to the extent of the amount of the gain not required to be recognized for California income tax purposes under Section 1031 of the Internal Revenue Code.

(ii) Clause (i) shall not apply to the extent that any exchange does not qualify for nonrecognition treatment for California income tax purposes under Section 1031 of the Internal Revenue Code, in whole or in part, due to the failure of the transaction to comply with the provisions of Section 1031(a)(3) of the Internal Revenue Code, relating to requirement that property be identified and that exchange be completed not more than 180 days after transfer of the exchanged property.

(iii) In any case where clause (ii) applies, the transferee (including for this purpose any intermediary or accommodator in a deferred exchange) shall be required to notify the Franchise Tax Board in writing within 10 days of the expiration of the statutory periods specified in Section 1031(a)(3) of the Internal Revenue Code and shall thereafter remit the applicable withholding amounts determined under this subdivision in accordance with paragraph (4).

(F) No transferee shall be required to withhold any amount under this subdivision if the transferee, in good faith and based on all the information of which he or she has knowledge, relies on a written certificate executed by the transferor, certifying under penalty of perjury, that the California real property has been compulsorily or involuntarily converted (within the meaning of Section 1033 of the Internal Revenue Code) and that the transferor intends to acquire property similar or related in service or use so as to be eligible for nonrecognition of gain

for California income tax purposes under Section 1033 of the Internal Revenue Code.

(G) No transferee shall be required to withhold any amount under this subdivision if the transferee, in good faith and based on all the information which he or she has knowledge, relies on a written certificate executed by the transferor, certifying under penalty of perjury, that the transaction will result in a loss for California income tax purposes.

(3) (A) In the case of any transaction otherwise subject to this subdivision that qualifies as an “installment sale” (within the meaning of Section 453(b) of the Internal Revenue Code) for California income tax purposes, the provisions of this subdivision may, upon the irrevocable written election of the transferee, be separately applied to each payment to be made under the terms of the installment sale agreement between the parties.

(B) For purposes of subparagraph (A), subparagraph (A) of paragraph (2) shall not apply to each individual payment to be received under the terms of the installment sale agreement.

(C) The election under this paragraph shall be made at the time, and in the form and manner, specified by the Franchise Tax Board in forms and instructions, except that the form shall, at a minimum, include the requirement specified in subparagraph (D) of this paragraph.

(D) The election under this paragraph shall only be valid if the transferee agrees to withhold and remit from each installment payment the amount specified under this subdivision in the form and manner, and at the time, specified in paragraph (4).

(4) Amounts withheld and payments made in accordance with this subdivision shall be reported and remitted to the Franchise Tax Board in the form and manner and at the time specified by the Franchise Tax Board.

(5) For purposes of this subdivision, “California real property interest” means an interest in real property located in California and defined in Section 897(c)(1)(A)(i) of the Internal Revenue Code.

(6) For purposes of this subdivision, “real estate escrow person” means any of the following persons involved in the real estate transaction:

(A) The person (including any attorney, escrow company, or title company) responsible for closing the transaction.

(B) If no other person described in subparagraph (A) is responsible for closing the transaction, then any other person who receives and disburses the consideration or value for the interest or property conveyed.

(7) (A) Unless the real estate escrow person provides “assistance,” it shall be unlawful for any real estate escrow person to charge any customer for complying with the requirements of this subdivision.

(B) For purposes of this paragraph, “assistance” includes, but is not limited to, helping the parties clarify with the Franchise Tax Board the issue of whether withholding is required under this subdivision or, upon request of the parties, withholding an amount under this subdivision and remitting that amount to the Franchise Tax Board.

(C) For purposes of this paragraph, “assistance” does not include providing the written notification of the withholding requirements of this subdivision.

(D) In a case where the real estate escrow person provides “assistance” in complying with the withholding requirements of this subdivision, it shall be unlawful for the real estate escrow person to charge any customer a fee that exceeds forty-five dollars (\$45).

(8) For purposes of this subdivision, “sales price” means the sum of all of the following:

(A) The cash paid, or to be paid, but excluding for this purpose any stated or unstated interest or original issue discount (as determined under Sections 1271 through 1275, inclusive, of the Internal Revenue Code).

(B) The fair market value of other property transferred, or to be transferred.

(C) The outstanding amount of any liability assumed by the transferee or to which the California real property interest is subject immediately before and after the transfer.

(f) (1) In the case of any disposition of a California real property interest by a person (but not a partnership as determined in accordance with Subchapter K of Chapter 1 of Subtitle A of the Internal Revenue Code, or a corporation, or an individual), when the return required to be filed with the Secretary of the Treasury under Section 6045(e) of the Internal Revenue Code indicates, or the authorization for the disbursement of the transaction’s funds instructs, that the funds be disbursed either to a transferor with a last known street address outside the boundaries of this state at the time of the transfer of the title to the California real property or to the financial intermediary of the transferor, the transferee shall be required to withhold an amount equal to  $3\frac{1}{3}$  percent of the sales price of the California real property conveyed.

(2) In the case of any disposition of a California real property interest by a corporation, the transferee shall be required to withhold an amount equal to  $3\frac{1}{3}$  percent of the sales price of the California real property conveyed, if the corporation immediately after the transfer of the title to the California real property has no permanent place of business in California. For purposes of this subdivision, a corporation has no permanent place of business in California if all of the following apply:

- (A) It is not organized and existing under the laws of California.
  - (B) It does not qualify with the office of the Secretary of State to transact business in California.
  - (C) It does not maintain and staff a permanent office in California.
- (3) Notwithstanding any other provision of this subdivision, all of the following shall apply:

(A) No transferee shall be required to withhold any amount under this subdivision if the sales price of the California real property conveyed does not exceed one hundred thousand dollars (\$100,000).

(B) No transferee shall be required to withhold any amount under this subdivision unless written notification of the withholding requirements of this subdivision has been provided by the real estate escrow person.

(C) No transferee shall be required to withhold under this subdivision when the transferor is a bank acting as trustee other than a trustee of a deed of trust.

(D) No transferee shall be required to withhold under this subdivision when the transferee is a corporate beneficiary under a mortgage or beneficiary under a deed of trust and the California real property is acquired in judicial or nonjudicial foreclosure or by a deed in lieu of foreclosure.

(E) No transferee shall be required to withhold any amount under this subdivision if the transferee, in good faith and based on all the information of which he or she has knowledge, relies on a written certificate executed by the transferor, certifying under penalty of perjury that the transferor is a corporation with a permanent place of business in California.

(4) (A) At the request of the transferor, the Franchise Tax Board may authorize that a reduced amount or no amount be withheld under this subdivision if the Franchise Tax Board determines that to substitute a reduced amount or no amount shall not jeopardize the collection of tax imposed by Part 10 (commencing with Section 17001) or Part 11 (commencing with Section 23001). If the transferor provides documentation sufficient for the Franchise Tax Board to determine the actual gain required to be recognized on the transaction, the Franchise Tax Board may authorize a reduced amount based on the amount of the gain, as determined, which will result in a sum which is substantially equivalent to the amount of tax reasonably estimated to be due under Part 10 (commencing with Section 17001) or Part 11 (commencing with Section 23001) from the inclusion of the gain in the gross amount of the transferor.

(B) Within 45 days after receiving a request that a reduced amount or no amount be withheld, the Franchise Tax Board shall either authorize a reduced amount or no amount, or deny the request.



(C) In the case where the parties to the transaction are requesting that a reduced amount or no amount be withheld and the response by the Franchise Tax Board to the request has not been received at the time title to the California real property is transferred, the parties may direct the real estate escrow person to hold in trust for 45 days the amount required to be withheld under this subdivision. The parties shall instruct the real estate escrow person that at the end of 45 days the real estate escrow person shall remit the amount withheld to the Franchise Tax Board in accordance with this section, unless the Franchise Tax Board has authorized that a reduced amount or no amount be withheld.

(5) Amounts withheld and payments made in accordance with this subdivision shall be reported and remitted to the Franchise Tax Board in the form and at the time as the Franchise Tax Board shall determine.

(6) "California real property interest" means an interest in real property located in California and defined in Section 897(c)(1)(A)(i) of the Internal Revenue Code.

(7) For purposes of this subdivision, "financial intermediary" means an agent for the purpose of receiving and transferring funds to a principal.

(8) For purposes of this subdivision, "real estate escrow person" means any of the following persons involved in the real estate transaction:

(A) The person (including any attorney, escrow company, or title company) responsible for closing the transaction.

(B) If no other person described in subparagraph (A) is responsible for closing the transaction, then any other person who receives and disburses the consideration or value for the interest or property conveyed.

(9) (A) Unless the real estate escrow person provides "assistance," it shall be unlawful for any real estate escrow person to charge any customer for complying with the requirements of this subdivision.

(B) For purposes of this paragraph, "assistance" includes, but is not limited to, helping the parties clarify with the Franchise Tax Board the issue of whether withholding is required under this subdivision, helping the parties request that the Franchise Tax Board authorize a reduced amount or no amount be withheld under this subdivision, or, upon request of the parties, withholding an amount under this subdivision and remitting the amount to the Franchise Tax Board.

(C) For purposes of this paragraph, "assistance" does not include providing the written notification of the withholding requirements of this subdivision, or providing the certification that the transferor is a corporation with a permanent place of business in California.

(D) In a case where the real estate escrow person provides "assistance" in complying with the withholding requirements of this



subdivision, it shall be unlawful for the real estate escrow person to charge any customer a fee that exceeds forty-five dollars (\$45).

(10) For purposes of this subdivision, "sales price" means the sum of all of the following:

(A) The cash paid, or to be paid. The term "cash paid, or to be paid" does not include stated or unstated interest or original issue discount (as determined by Sections 1271 to 1275, inclusive, of the Internal Revenue Code).

(B) The fair market value of other property transferred, or to be transferred.

(C) The outstanding amount of any liability assumed by the transferee or to which the California real property interest is subject immediately before and after the transfer.

(g) Whenever any person has withheld any amount pursuant to this section, the amount so withheld shall be held in trust for the State of California. The amount of the fund shall be assessed, collected, and paid in the same manner and subject to the same provisions and limitations (including penalties) as are applicable with respect to the taxes imposed by Part 10 (commencing with Section 17001), Part 11 (commencing with Section 23001), or this part.

(h) Withholding shall not be required under this section with respect to wages, salaries, fees, or other compensation paid by a corporation for services performed in California for that corporation to a nonresident corporate director for director services, including attendance at a board of directors' meeting.

(i) In the case of any payment described in subdivision (h), the person making the payment shall do each of the following:

(1) File a return with the Franchise Tax Board at the time and in the form and manner specified by the Franchise Tax Board.

(2) Provide the payee with a statement at the time and in the form and manner specified by the Franchise Tax Board.

(j) (1) The amendments to this section made by the act adding this subdivision shall only apply to dispositions of California real property interests that occur on or after January 1, 2003.

(2) In the case of any payments received on or after January 1, 2003, pursuant to an installment sale agreement relating to a disposition occurring before January 1, 2003, the amendments to this section made by the act adding this subdivision shall not apply to those payments.

SEC. 4. Section 18663 of the Revenue and Taxation Code is amended to read:

18663. (a) The Franchise Tax Board shall annually (or more often if necessary) prepare and make available to the Employment Development Department, wage withholding tables that shall be used by every employer making payment of any wages to a resident employee

for services performed either within or without this state; or to a nonresident employee for services performed in this state, to deduct and withhold from those wages for each payroll period, a tax computed in a manner as to produce, so far as practicable, with due regard to the credits for personal exemptions allowable under Section 17054, a sum that is substantially equivalent to the amount of tax reasonably estimated to be due under Part 10 (commencing with Section 17001) resulting from the inclusion in the gross income of the employee the wages which were subject to withholding.

(b) (1) For supplemental wages paid on or after January 1, 1992, the rate of withholding that may be applied to supplemental wages in lieu of the wage withholding tables specified in subdivision (a) shall be 6 percent.

(2) For purposes of this subdivision, "supplemental wages" includes, but is not limited to, bonus payments, overtime payments, commissions, sales awards, back pay including retroactive wage increases, and reimbursements for nondeductible moving expenses that are paid for the same or a different period, or without regard to a particular period.

(c) For stock options and bonus payments that constitute wages paid on or after January 1, 2002, the rate of withholding that may be applied to those stock options and bonus payments in lieu of the wage withholding tables specified in subdivision (a) shall, notwithstanding subdivision (b), be 9.3 percent.

SEC. 5. Section 18668 of the Revenue and Taxation Code is amended to read:

18668. (a) Every person required under this article to deduct and withhold any tax is hereby made liable for that tax, to the extent provided by this section and, insofar as they are not inconsistent with this article, all the provisions of this part relating to penalties, interest, assessment, and collections shall apply to persons subject to this part, and for these purposes any amount required to be deducted and paid to the Franchise Tax Board under this article shall be considered the tax of the person. Any person who fails to withhold from any payments any amount required to be withheld under this article is liable for the amount withheld or the amount of taxes due from the taxpayer to whom the payments are made but not in excess of the amount required to be withheld, whichever is more, unless it is shown that the failure to withhold is due to reasonable cause.

(b) If any amount required to be withheld under this article is not paid to the Franchise Tax Board on or before the due date required by regulations, interest shall be assessed at the adjusted annual rate established pursuant to Section 19521, computed from the due date to the date paid.

(c) Whenever any person has withheld any amount pursuant to this article, the amount so withheld shall be held to be a special fund in trust for the State of California.

(d) In lieu of the amount provided for in subdivision (a), unless it is shown that the failure to withhold is due to reasonable cause, whenever any transferee is required to withhold any amount pursuant to subdivision (e) or (f) of Section 18662, the transferee is liable for the greater of the following amounts for failure to withhold only after the transferee, as specified, is notified in writing of the requirements under subdivision (e) or (f) of Section 18662:

(1) Five hundred dollars (\$500).

(2) Ten percent of the amount required to be withheld under subdivision (e) or (f) of Section 18662.

(e) (1) Unless it is shown that the failure to notify is due to reasonable cause, the real estate escrow person shall be liable for the amount specified in subdivision (d), when written notification of the withholding requirements of subdivision (e) or (f) of Section 18662 is not provided to the transferee (other than a transferee that is an intermediary or accommodator in a deferred exchange) and the California real property disposition is subject to withholding under subdivision (e) or (f) of Section 18662.

(2) The real estate escrow person shall provide written notification to the transferee (other than a transferee that is an intermediary or accommodator in a deferred exchange) in substantially the same form as follows:

“In accordance with Section 18662 of the Revenue and Taxation Code, a buyer may be required to withhold an amount equal to  $3\frac{1}{3}$  percent of the sales price in the case of a disposition of California real property interest by either:

1. A seller who is an individual or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary of the seller, OR

2. A corporate seller that has no permanent place of business in California.

The buyer may become subject to penalty for failure to withhold an amount equal to the greater of 10 percent of the amount required to be withheld or five hundred dollars (\$500).

However, notwithstanding any other provision included in the California statutes referenced above, no buyer will be required to withhold any amount or be subject to penalty for failure to withhold if:

1. The sales price of the California real property conveyed does not exceed one hundred thousand dollars (\$100,000), OR

2. The seller executes a written certificate, under the penalty of perjury, certifying that the seller is a corporation with a permanent place of business in California, OR

3. The seller, who is an individual, executes a written certificate, under the penalty of perjury, of any of the following:

A. That the California real property being conveyed is the seller's principal residence (within the meaning of Section 121 of the Internal Revenue Code).

B. That the California real property being conveyed is or will be exchanged for property of like kind (within the meaning of Section 1031 of the Internal Revenue Code), but only to the extent of the amount of gain not required to be recognized for California income tax purposes under Section 1031 of the Internal Revenue Code.

C. That the California real property has been compulsorily or involuntarily converted (within the meaning of Section 1033 of the Internal Revenue Code) and that the seller intends to acquire property similar or related in service or use so as to be eligible for nonrecognition of gain for California income tax purposes under Section 1033 of the Internal Revenue Code.

D. That the California real property transaction will result in a loss for California income tax purposes.

The seller is subject to penalty for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement.

The California statutes referenced above include provisions which authorize the Franchise Tax Board to grant reduced withholding and waivers from withholding on a case-by-case basis for corporations or other entities.'

(3) The real estate escrow person shall not be liable under this subdivision, if the tax due as a result of the disposition of California real property is paid by the original or extended due date of the transferor's return for the taxable year in which the disposition occurred.

(4) The real estate escrow person and the transferee shall not be liable under paragraph (1) or subdivision (d), if the failure to withhold is the result of the real estate escrow person's reliance, based on good faith and on all the information of which he or she has knowledge, upon a written certificate executed by the transferor under penalty of perjury certifying to any of the following:

(A) Where the transferor is an individual:

(i) That the California real property being conveyed is the principal residence of the transferor within the meaning of Section 121 of the Internal Revenue Code.

(ii) That the California real property being conveyed is or will be exchanged for property of like kind within the meaning of Section 1031

of the Internal Revenue Code, but only to the extent of the amount of gain not required to be recognized for California income tax purposes under Section 1031 of the Internal Revenue Code.

(iii) That the California real property has been compulsorily or involuntarily converted, within the meaning of Section 1033 of the Internal Revenue Code, and that the seller intends to acquire property similar or related in service or use so as to be eligible for nonrecognition of gain for California income tax purposes under Section 1033 of the Internal Revenue Code.

(iv) That the California real property transaction will result in a loss for California income tax purposes.

(B) Where the transferor is a corporation, that the transferor is a corporation with a permanent place of business in California.

(5) Any transferor who for the purpose of avoiding the withholding requirements of subdivision (e) or (f) of Section 18662 knowingly executes a false certificate pursuant to this subdivision shall be liable for twice the amount specified in subdivision (d).

(6) Unless the failure to notify is due to willful disregard of the withholding requirements of subdivision (e) or (f) of Section 18662, the real estate escrow person shall not be liable under this subdivision if the disposition of California real property occurs prior to July 1, 1991.

(f) The amount of tax required to be deducted and withheld under this article shall be assessed, collected, and paid in the same manner and subject to the same provisions and limitations (including penalties) as are applicable with respect to the taxes imposed by Part 10 (commencing with Section 17001) or Part 11 (commencing with Section 23001).

SEC. 6. Section 19136.8 of the Revenue and Taxation Code is amended to read:

19136.8. (a) No addition to tax shall be made under Section 19136 for any period before April 15, 2003, with respect to any underpayment of an installment for the 2002 taxable year, to the extent that the underpayment was created or increased by any provision of law enacted or amended by an act chaptered during the 2002 calendar year.

(b) No addition of tax shall be made under Section 19142 for any period before April 15, 2003, with respect to any underpayment of an installment for the 2002 taxable year, to the extent that the underpayment was created or increased by any provision of law enacted or amended by an act chaptered during the 2002 calendar year.

(c) The Franchise Tax Board shall implement this section in a reasonable manner.

SEC. 7. Section 19183 of the Revenue and Taxation Code is amended to read:

19183. (a) (1) A penalty shall be imposed for failure to file correct information returns, as required by this part, and that penalty shall be

determined in accordance with Section 6721 of the Internal Revenue Code.

(2) Section 6721(e) of the Internal Revenue Code is modified to the extent that the reference to Section 6041A(b) of the Internal Revenue Code shall not apply.

(b) (1) A penalty shall be imposed for failure to furnish correct payee statements as required by this part, and that penalty shall be determined in accordance with Section 6722 of the Internal Revenue Code.

(2) Section 6722(c) of the Internal Revenue Code is modified to the extent that the references to Sections 6041A(b) and 6041A(e) of the Internal Revenue Code shall not apply.

(c) A penalty shall be imposed for failure to comply with other information reporting requirements under this part, and that penalty shall be determined in accordance with Section 6723 of the Internal Revenue Code.

(d) (1) The provisions of Section 6724 of the Internal Revenue Code relating to waiver, definitions, and special rules, shall apply, except as otherwise provided.

(2) Section 6724(d)(1) is modified as follows:

(A) The following references are substituted:

(i) Subdivision (a) of Section 18640, in lieu of Section 6044(a)(1) of the Internal Revenue Code.

(ii) Subdivision (a) of Section 18644, in lieu of Section 6050A(a) of the Internal Revenue Code.

(B) References to Sections 4093(c)(4), 4093(e), 4101(d), 6041(b), 6041A(b), 6045(d), 6051(d), and 6053(c)(1) of the Internal Revenue Code shall not apply.

(C) The term “information return” shall also include the return required by paragraph (1) of subdivision (i) of Section 18662.

(3) Section 6724(d)(2) is modified as follows:

(A) The following references are substituted:

(i) Subdivision (b) of Section 18640, in lieu of Section 6044(e) of the Internal Revenue Code.

(ii) Subdivision (b) of Section 18644, in lieu of Section 6050A(b) of the Internal Revenue Code.

(B) References to Sections 4093(c)(4)(B), 6031(b), 6037(b), 6041A(e), 6045(d), 6051(d), 6053(b), and 6053(c) of the Internal Revenue Code shall not apply.

(C) The term “payee statement” shall also include the statement required by paragraph (2) of subdivision (i) of Section 18662.

(e) In the case of each failure to provide a written explanation as required by Section 402(f) of the Internal Revenue Code, at the time prescribed therefor, unless it is shown that the failure is due to reasonable cause and not to willful neglect, there shall be paid, on notice and

demand of the Franchise Tax Board and in the same manner as tax, by the person failing to provide that written explanation, an amount equal to ten dollars (\$10) for each failure, but the total amount imposed on that person for all those failures during any calendar year shall not exceed five thousand dollars (\$5,000).

(f) Any penalty imposed by this part shall be paid on notice and demand by the Franchise Tax Board and in the same manner as tax.

SEC. 8. Section 19444 is added to the Revenue and Taxation Code, to read:

19444. (a) (1) For the period beginning on October 1, 2002, and ending on June 30, 2003, an eligible taxpayer's liability, with respect to any unpaid taxes, may be satisfied by the payment of an eligible amount. The authority granted by this section is limited to an unpaid tax liability that has been determined by the Franchise Tax Board to be a high-risk collection account.

(2) The liability of an eligible taxpayer for any unpaid penalties, interest, and fees included in the computation of the unpaid tax liability shall be extinguished only upon receipt by the Franchise Tax Board of all payments equal to the eligible amount on or before the final due date for payment established by the Franchise Tax Board.

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

(1) "Eligible taxpayer" means any individual that receives notification from the Franchise Tax Board that the taxpayer's unpaid tax liability may be satisfied by the payment of an eligible amount.

(2) "Eligible amount" means an amount equal to any unpaid tax liability, excluding penalties, interest, and fees, owed by the eligible taxpayer that is paid in one or more installments, as determined by the Franchise Tax Board, on or before the due date established by the Franchise Tax Board, but in no event later than June 30, 2004.

(3) "High-risk collection account" means any unpaid tax liability of a taxpayer where satisfaction of that liability under this section would be in the best interest of the state, and shall include any unpaid tax liability for which the Franchise Tax Board has made either of the following determinations:

(A) Under the Franchise Tax Board's collection modeling policies, practices, and procedures, efforts to collect the unpaid tax liability would not be economical.

(B) The unpaid tax liability would not be paid in full within a reasonable period of time.

(4) "Unpaid tax liability" means any liability under Part 10 (commencing with Section 17001), including tax, penalties, interest, and fees that are owed by an individual and are unpaid.



(c) No refund or credit shall be granted with respect to any penalty or interest paid or collected with respect to an unpaid tax liability prior to October 1, 2002.

(d) The determinations made by the Franchise Tax Board pursuant to this section shall be final and conclusive and shall not be subject to review by any other officer, employee, or agent of the state, or by any court.

(e) Nothing in Section 19542, or in any other provision of law, shall be construed to require the disclosure of standards used or to be used in connection with any determinations made by the Franchise Tax Board for purposes of this section, or the data used or to be used for determining those standards if the Franchise Tax Board determines that the disclosure will seriously impair assessment, collection, or enforcement under this part.

(f) Nothing in this section shall authorize the Franchise Tax Board to compromise any final tax liability.

(g) The Legislature finds that it is essential for fiscal purposes that the special collection efforts authorized by this section be expeditiously implemented. Accordingly, Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code shall not apply to any standard, criterion, procedure, determination, rule, notice, or guideline established or issued in implementing and administering the program required by this section.

(h) This section shall be operative with respect to unpaid tax liabilities of high-risk collection accounts that are the subject of notifications made to eligible taxpayers on or after October 1, 2002, and before July 1, 2003.

(i) Whenever a "high-risk collection account" is forgiven of any penalties, interest, or fees pursuant to this section, the public record shall include all of the following information:

- (1) The name of the taxpayer.
- (2) The amount of related fees, penalties, and interest relieved.
- (3) A summary of the reason why the relief is in the best interest of the state.

(j) This section shall remain in effect only until December 31, 2004, and as of that date is repealed.

SEC. 8.5. Section 23457 of the Revenue and Taxation Code, as amended by Section 37 of Chapter 35 of the Statutes of 2002, is amended to read:

23457. For purposes of this part, Section 57 of the Internal Revenue Code is modified as follows:

(a) Section 57(a)(5) of the Internal Revenue Code, relating to tax-exempt interest, shall not be applicable.



(b) Section 57(a)(6) of the Internal Revenue Code, relating to accelerated depreciation or amortization on certain property placed in service before January 1, 1987, is modified to read: With respect to each property as described in Section 1250(c) of the Internal Revenue Code as that provision read on April 1, 1970, the amount by which the deduction allowable for the taxable year for exhaustion, wear, tear, obsolescence, or amortization exceeds the depreciation deduction that would have been allowable for the taxable year, had the taxpayer depreciated the property under the straight line method for each taxable year of its useful life (determined without regard to Section 24354.2 or 24381) for which the taxpayer has held the property.

SEC. 9. Section 24348 of the Revenue and Taxation Code is amended to read:

24348. (a) There shall be allowed as a deduction either of the following:

(1) Debts which become worthless within the taxable year in an amount not in excess of the part charged off within that taxable year.

(2) In the case of a bank (as defined in Section 581 of the Internal Revenue Code), in lieu of any deduction under paragraph (1), in the discretion of the Franchise Tax Board, a reasonable addition to a reserve for bad debts determined in accordance with Section 585 of the Internal Revenue Code, relating to reserves for losses on loans of banks, except as otherwise provided.

(b) When satisfied that a debt is recoverable in part only, the Franchise Tax Board may allow that debt, in an amount not in excess of the part charged off within the taxable year, as a deduction; provided, however, that if a portion of a debt is claimed and allowed as a deduction in any year, no deduction shall be allowed in any subsequent year for any portion of the debt which in any prior year was charged off, regardless of whether claimed as a deduction in that prior year.

(c) (1) The amendments to this section made by the act adding this subdivision shall apply only to taxable years beginning on or after January 1, 2002.

(2) In the case of any bank, savings and loan association, or financial corporation (whether a taxpayer or a member of a combined reporting group) that maintained a reserve for bad debts for the last taxable year beginning before January 1, 2002, and that is required by the amendments to this section made by the act adding this subdivision to change its method of computing reserves for bad debts, all of the following shall apply:

(A) That change shall be treated as a change in a method of accounting.

(B) That change shall be treated as initiated by the bank, savings and loan association, or financial corporation (whether a taxpayer or a member of a combined reporting group).

(C) That change shall be treated as made with the consent of the Franchise Tax Board.

(D) The net amount of adjustments required by Article 6 (commencing with Section 24721) of Chapter 13 to be taken into account by the bank, savings and loan association, or financial corporation (whether a taxpayer or a member of a combined reporting group):

(i) Shall be determined by taking into account only 50 percent of the “applicable excess reserves” (as defined in subdivision (d)), and

(ii) As so determined, shall be taken into account on the last day of the first taxable year beginning on or after January 1, 2002.

(iii) The amount of “applicable excess reserves” in excess of the amount taken into account under clause (i) of this subparagraph shall be reduced to zero and shall not be taken into account for purposes of this part.

(d) (1) In the case of a large bank (as defined in Section 585(c)(2) of the Internal Revenue Code), or a financial corporation that is not allowed to use the reserve for bad debts under Section 585 of the Internal Revenue Code, the term “applicable excess reserves” means the balance of the reserves described in former subparagraph (B) of paragraph (1) of subdivision (a) (prior to the amendments made by the act adding this subdivision) as of the close of the last taxable year beginning before January 1, 2002.

(2) In all other cases, the term “applicable excess reserves” shall be zero and shall not be taken into account for purposes of this part.

(e) The amount of “applicable excess reserves” not taken into account pursuant to clause (iii) of subparagraph (D) of paragraph (2) of subdivision (c) or paragraph (2) of subdivision (d) shall not affect the amount of the allowable deduction under paragraph (1) of subdivision (a).

SEC. 10. Section 24416 of the Revenue and Taxation Code is amended to read:

24416. Except as provided in Sections 24416.1, 24416.2, 24416.4, 24416.5, 24416.6, and 24416.7, a net operating loss deduction shall be allowed in computing net income under Section 24341 and shall be determined in accordance with Section 172 of the Internal Revenue Code, except as otherwise provided.

(a) (1) Net operating losses attributable to taxable years beginning before January 1, 1987, shall not be allowed.

(2) A net operating loss shall not be carried forward to any taxable year beginning before January 1, 1987.

(b) (1) Except as provided in paragraphs (2) and (3), the provisions of Section 172(b)(2) of the Internal Revenue Code, relating to the amount of carryovers, shall be modified so that the applicable percentage of the entire amount of the net operating loss for any taxable year shall be eligible for carryover to any subsequent taxable year. For purposes of this subdivision, the applicable percentage shall be:

(A) Fifty percent for any taxable year beginning before January 1, 2000.

(B) Fifty-five percent for any taxable year beginning on or after January 1, 2000, and before January 1, 2002.

(C) Sixty percent for any taxable year beginning on or after January 1, 2002, and before January 1, 2004.

(D) One hundred percent for any taxable year beginning on or after January 1, 2004.

(2) In the case of a taxpayer who has a net operating loss in any taxable year beginning on or after January 1, 1994, and who operates a new business during that taxable year, each of the following shall apply to each loss incurred during the first three taxable years of operating the new business:

(A) If the net operating loss is equal to or less than the net loss from the new business, 100 percent of the net operating loss shall be carried forward as provided in subdivision (e).

(B) If the net operating loss is greater than the net loss from the new business, the net operating loss shall be carried over as follows:

(i) With respect to an amount equal to the net loss from the new business, 100 percent of that amount shall be carried forward as provided in subdivision (e).

(ii) With respect to the portion of the net operating loss that exceeds the net loss from the new business, the applicable percentage of that amount shall be carried forward as provided in subdivision (d).

(C) For purposes of Section 172(b)(2) of the Internal Revenue Code, the amount described in clause (ii) of subparagraph (B) shall be absorbed before the amount described in clause (i) of subparagraph (B).

(3) In the case of a taxpayer who has a net operating loss in any taxable year beginning on or after January 1, 1994, and who operates an eligible small business during that taxable year, each of the following shall apply:

(A) If the net operating loss is equal to or less than the net loss from the eligible small business, 100 percent of the net operating loss shall be carried forward to the taxable years specified in paragraph (1) of subdivision (e).

(B) If the net operating loss is greater than the net loss from the eligible small business, the net operating loss shall be carried over as follows:

(i) With respect to an amount equal to the net loss from the eligible small business, 100 percent of that amount shall be carried forward as provided in subdivision (e).

(ii) With respect to that portion of the net operating loss that exceeds the net loss from the eligible small business, the applicable percentage of that amount shall be carried forward as provided in subdivision (e).

(C) For purposes of Section 172(b)(2) of the Internal Revenue Code, the amount described in clause (ii) of subparagraph (B) shall be absorbed before the amount described in clause (i) of subparagraph (B).

(4) In the case of a taxpayer who has a net operating loss in a taxable year beginning on or after January 1, 1994, and who operates a business that qualifies as both a new business and an eligible small business under this section, that business shall be treated as a new business for the first three taxable years of the new business.

(5) In the case of a taxpayer who has a net operating loss in a taxable year beginning on or after January 1, 1994, and who operates more than one business, and more than one of those businesses qualifies as either a new business or an eligible small business under this section, paragraph (2) shall be applied first, except that if there is any remaining portion of the net operating loss after application of clause (i) of subparagraph (B) of paragraph (2), paragraph (3) shall be applied to the remaining portion of the net operating loss as though that remaining portion of the net operating loss constituted the entire net operating loss.

(6) For purposes of this section, “net loss” means the amount of net loss after application of Sections 465 and 469 of the Internal Revenue Code.

(c) For any taxable year in which the taxpayer has in effect a water’s-edge election under Section 25110, the deduction of a net operating loss carryover shall be denied to the extent that the net operating loss carryover was determined by taking into account the income and factors of an affiliated corporation in a combined report whose income and apportionment factors would not have been taken into account if a water’s-edge election under Section 25110 had been in effect for the taxable year in which the loss was incurred.

(d) Net operating loss carrybacks shall not be allowed.

(e) (1) (A) For a net operating loss for any taxable year beginning on or after January 1, 1987, and before January 1, 2000, Section 172(b)(1)(A)(ii) of the Internal Revenue Code, relating to years to which net operating losses may be carried, is modified to substitute “five taxable years” in lieu of “20 years” except as otherwise provided in paragraphs (2), (3), and (4).

(B) For a net operating loss for any income year beginning on or after January 1, 2000, Section 172(b)(1)(A)(ii) of the Internal Revenue Code,

relating to years to which net operating losses may be carried, is modified to substitute "10 taxable years" in lieu of "20 taxable years."

(2) For any income year beginning before January 1, 2000, in the case of a "new business," the "five taxable years" referred to in paragraph (1) shall be modified to read as follows:

(A) "Eight taxable years" for a net operating loss attributable to the first taxable year of that new business.

(B) "Seven taxable years" for a net operating loss attributable to the second taxable year of that new business.

(C) "Six taxable years" for a net operating loss attributable to the third taxable year of that new business.

(3) For any carryover of a net operating loss for which a deduction is denied by Section 24416.3, the carryover period specified in this subdivision shall be extended as follows:

(A) By one year for a net operating loss attributable to taxable years beginning in 1991.

(B) By two years for a net operating loss attributable to taxable years beginning prior to January 1, 1991.

(4) The net operating loss attributable to taxable years beginning on or after January 1, 1987, and before January 1, 1994, shall be a net operating loss carryover to each of the 10 taxable years following the year of the loss if it is incurred by a corporation that was either of the following:

(A) Under the jurisdiction of the court in a Title 11 or similar case at any time prior to January 1, 1994. The loss carryover provided in the preceding sentence shall not apply to any loss incurred in an income year after the taxable year during which the corporation is no longer under the jurisdiction of the court in a Title 11 or similar case.

(B) In receipt of assets acquired in a transaction that qualifies as a tax-free reorganization under Section 368(a)(1)(G) of the Internal Revenue Code.

(f) For purposes of this section:

(1) "Eligible small business" means any trade or business that has gross receipts, less returns and allowances, of less than one million dollars (\$1,000,000) during the income year.

(2) Except as provided in subdivision (g), "new business" means any trade or business activity that is first commenced in this state on or after January 1, 1994.

(3) "Title 11 or similar case" shall have the same meaning as in Section 368(a)(3) of the Internal Revenue Code.

(4) In the case of any trade or business activity conducted by a partnership or an "S corporation," paragraphs (1) and (2) shall be applied to the partnership or "S corporation."

(g) For purposes of this section, in determining whether a trade or business activity qualifies as a new business under paragraph (2) of subdivision (e), the following rules shall apply:

(1) In any case where a taxpayer purchases or otherwise acquires all or any portion of the assets of an existing trade or business (irrespective of the form of entity) that is doing business in this state (within the meaning of Section 23101), the trade or business thereafter conducted by the taxpayer (or any related person) shall not be treated as a new business if the aggregate fair market value of the acquired assets (including real, personal, tangible, and intangible property) used by the taxpayer (or any related person) in the conduct of its trade or business exceeds 20 percent of the aggregate fair market value of the total assets of the trade or business being conducted by the taxpayer (or any related person). For purposes of this paragraph only, the following rules shall apply:

(A) The determination of the relative fair market values of the acquired assets and the total assets shall be made as of the last day of the first taxable year in which the taxpayer (or any related person) first uses any of the acquired trade or business assets in its business activity.

(B) Any acquired assets that constituted property described in Section 1221(1) of the Internal Revenue Code in the hands of the transferor shall not be treated as assets acquired from an existing trade or business, unless those assets also constitute property described in Section 1221(1) of the Internal Revenue Code in the hands of the acquiring taxpayer (or related person).

(2) In any case where a taxpayer (or any related person) is engaged in one or more trade or business activities in this state, or has been engaged in one or more trade or business activities in this state within the preceding 36 months (“prior trade or business activity”), and thereafter commences an additional trade or business activity in this state, the additional trade or business activity shall only be treated as a new business if the additional trade or business activity is classified under a different division of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition, than are any of the taxpayer’s (or any related person’s) current or prior trade or business activities.

(3) In any case where a taxpayer, including all related persons, is engaged in trade or business activities wholly outside of this state and the taxpayer first commences doing business in this state (within the meaning of Section 23101) after December 31, 1993 (other than by purchase or other acquisition described in paragraph (1)), the trade or business activity shall be treated as a new business under paragraph (2) of subdivision (e).

(4) In any case where the legal form under which a trade or business activity is being conducted is changed, the change in form shall be disregarded and the determination of whether the trade or business activity is a new business shall be made by treating the taxpayer as having purchased or otherwise acquired all or any portion of the assets of an existing trade or business under the rules of paragraph (1) of this subdivision.

(5) "Related person" shall mean any person that is related to the taxpayer under either Section 267 or 318 of the Internal Revenue Code.

(6) "Acquire" shall include any transfer, whether or not for consideration.

(7) (A) For taxable years beginning on or after January 1, 1997, the term "new business" shall include any taxpayer that is engaged in biopharmaceutical activities or other biotechnology activities that are described in Codes 2833 to 2836, inclusive, of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition, and as further amended, and that has not received regulatory approval for any product from the United States Food and Drug Administration.

(B) For purposes of this paragraph:

(i) "Biopharmaceutical activities" means those activities that use organisms or materials derived from organisms, and their cellular, subcellular, or molecular components, in order to provide pharmaceutical products for human or animal therapeutics and diagnostics. Biopharmaceutical activities make use of living organisms to make commercial products, as opposed to pharmaceutical activities that make use of chemical compounds to produce commercial products.

(ii) "Other biotechnology activities" means activities consisting of the application of recombinant DNA technology to produce commercial products, as well as activities regarding pharmaceutical delivery systems designed to provide a measure of control over the rate, duration, and site of pharmaceutical delivery.

(h) For purposes of corporations whose net income is determined under Chapter 17 (commencing with Section 25101), Section 25108 shall apply to each of the following:

(1) The amount of net operating loss incurred in any taxable year that may be carried forward to another taxable year.

(2) The amount of any loss carry forward that may be deducted in any taxable year.

(i) The provisions of Section 172(b)(1)(D) of the Internal Revenue Code, relating to bad debt losses of commercial banks, shall not be applicable.

(j) The Franchise Tax Board may prescribe appropriate regulations to carry out the purposes of this section, including any regulations



necessary to prevent the avoidance of the purposes of this section through splitups, shell corporations, partnerships, tiered ownership structures, or otherwise.

(k) The Franchise Tax Board may reclassify any net operating loss carryover determined under either paragraph (2) or (3) of subdivision (b) as a net operating loss carryover under paragraph (1) of subdivision (b) upon a showing that the reclassification is necessary to prevent evasion of the purposes of this section.

(l) Except as otherwise provided, the amendments made by Chapter 107 of the Statutes of 2000 shall apply to net operating losses for taxable years beginning on or after January 1, 2000.

SEC. 11. Section 24416.3 of the Revenue and Taxation Code is amended to read:

24416.3. (a) Notwithstanding Sections 24416, 24416.1, 24416.2, 24416.4, 24416.5, 24416.6, and 24416.7 of this code and Section 172 of the Internal Revenue Code, no net operating loss deduction shall be allowed for any taxable year beginning on or after January 1, 2002, and before January 1, 2004.

(b) For any carryover of a net operating loss for which a deduction is denied by subdivision (a), the carryover period under Section 172 of the Internal Revenue Code shall be extended as follows:

(1) By one year, for losses incurred in taxable years beginning on or after January 1, 2002, and before January 1, 2003.

(2) By two years, for losses incurred in taxable years beginning before January 1, 2002.

SEC. 12. Section 24449 of the Revenue and Taxation Code is amended to read:

24449. (a) Section 291 of the Internal Revenue Code, relating to special rules relating to corporate preference items, shall apply, except as otherwise provided.

(b) The reference in Section 291(b)(1) of the Internal Revenue Code to "Section 263(c)" shall be modified to mean the deduction under Section 24423 of this part.

SEC. 13. Section 13043 of the Unemployment Insurance Code is amended to read:

13043. (a) The amount to be deducted and withheld under this division shall be prescribed pursuant to Section 18663 of the Revenue and Taxation Code when a payment of wages is made to an employee by an employer in any of the following cases:

(1) With respect to a payroll period or other period, any part of which is included in a payroll period or other period with respect to which wages are also paid to the employee by the employer.



(2) Without regard to any payroll period or other period, but on or prior to the expiration of a payroll period or other period with respect to which wages are also paid to the employee by the employer.

(3) With respect to a period beginning in one and ending in another calendar year.

(4) Through an agent, fiduciary, or other person who also has the control, receipt, custody, or disposal of, or pays, the wages payable by another employer to the employee.

(b) For purposes of this section, an employee's remuneration may consist of wages paid for a payroll period and supplemental wages.

Supplemental wages include, but are not limited to, bonus payments, overtime payments, commissions, sales awards, back pay including retroactive wage increases, and reimbursements for nondeductible moving expenses that are paid for the same or different period, or without regard to a particular period.

(c) When any supplemental wages are paid subsequent to the payment of regular wages, the employer may determine the personal income tax to be withheld from supplemental wages paid by (1) using a flat percentage rate pursuant to subdivision (b) of Section 18663 of the Revenue and Taxation Code without allowance for exemptions and credits and without reference to any regular payment of wages, or (2) adding the supplemental wages to the regular wages paid the employee and computing the personal income tax to be withheld on the whole amount (the computed tax minus the tax withheld from the regular wages shall be withheld from the supplemental wages). Where supplemental wages are paid at the same time as regular wages, the personal income tax to be withheld shall be computed on the total of the supplemental and regular wages and shall be determined as if the total of the supplemental wages and the regular wages constituted a single wage payment for the regular payroll period.

(d) For stock options and bonus payments that constitute wages paid on or after January 1, 2002, the employer may determine the personal income tax to be withheld from the stock options and bonus payments paid by either (1) using a flat percentage rate pursuant to subdivision (c) of Section 18663 of the Revenue and Taxation Code, without allowance for exemptions and credits and without reference to any regular payment of wages, or (2) adding the stock options and bonus payments to the regular wages paid the employee and computing the personal income tax to be withheld on the whole amount (the computed tax minus the tax withheld from the regular wages shall be withheld from the stock options and bonus payments). Where the stock options and bonus payments are paid at the same time as regular wages, the personal income tax to be withheld shall be computed on the total of the stock options and bonus payments and regular wages, and shall be determined as if the total of

the stock options and bonus payments and the regular wages constituted a single wage payment for the regular payroll period.

SEC. 14. It is the intent of the Legislature that, in order to improve compliance with state tax laws and to accelerate the collection of accounts determined to be at high risk for collection, the staff of the Board of Equalization and the Franchise Tax Board shall, pursuant to Sections 7093.8 and 19444 of the Revenue and Taxation Code as added by this act, expeditiously institute special collection efforts to commence on October 1, 2002, and end on June 30, 2003.

SEC. 16. 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 view of the fact that the State of California is experiencing a fiscal crisis, in order to improve compliance with state tax laws and to accelerate the collection of accounts that might not otherwise be collected, and in order to provide for sufficient revenues for the funding of the critical needs of the state, it is necessary that this act take effect immediately.

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## CHAPTER 489

An act to add and repeal Section 130311.5 of the Health and Safety Code, relating to health.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. (a) The Legislature declares that the right of individuals to privacy of their personal medical information is a fundamental right of the people of California.

(b) The Legislature further makes the following findings:

(1) The people of California should be provided with the highest possible level of protection of the privacy of their personal medical information and records. The people of California should also be provided with the highest possible level of access to their own personal medical information and records and to information about their medical information privacy rights and the privacy practices of their health care providers and insurers.

(2) Certain federal regulations that implement the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) will

supersede less stringent state laws pertaining to the privacy of personal medical information.

(3) California is required to comply with the provisions of HIPAA on or before April 14, 2003.

(4) The Office of HIPAA Implementation should have the authority to determine which provisions of state law concerning personal medical information are preempted by HIPAA pursuant to Section 160.203 of Title 45 of the Code of Federal Regulations.

SEC. 2. Section 130311.5 is added to the Health and Safety Code, to read:

130311.5. (a) The office shall assume statewide leadership, coordination, direction, and oversight responsibilities for determining which provisions of state law concerning personal medical information are preempted by HIPAA pursuant to Section 160.203 of Title 45 of the Code of Federal Regulations. State entities impacted by HIPAA shall, at the direction of the office, do the following:

(1) Assist in determining which state laws concerning personal medical information are preempted by HIPAA.

(2) Conform to all determinations made by the office concerning HIPAA preemption issues.

(b) Any provision of state law concerning personal medical information that is determined by the office to be preempted by HIPAA pursuant to Section 160.203 of Title 45 of the Code of Federal Regulations, shall not be applicable to the extent of that preemption. The remainder of the provisions of state law concerning personal medical information shall remain in full force and effect.

(c) This section shall remain in effect only until January 1, 2005, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2005, deletes or extends that date.

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## CHAPTER 490

An act to amend Sections 12950 and 12960 of the Government Code, relating to discrimination.

[Approved by Governor September 11, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 12950 of the Government Code is amended to read:

12950. In addition to employer responsibilities set forth in subdivisions (j) and (k) of Section 12940 and in rules adopted by the department and the commission, every employer shall act to ensure a workplace free of sexual harassment by implementing the following minimum requirements:

(a) The department shall amend its current poster on discrimination in employment to include information relating to the illegality of sexual harassment. This amended poster shall be distributed to employers when the supply of the current poster is exhausted. One copy of the amended poster shall be provided by the department to an employer upon request. The amended poster shall be available at each office of the department, and shall be mailed if the request includes a self-addressed envelope with postage affixed. Multiple copies of the amended poster shall be obtained through the Office of Documents and Publications of the Department of General Services. Each employer shall post the amended poster in a prominent and accessible location in the workplace.

(b) Each employer shall obtain from the department its information sheet on sexual harassment, which the department shall make available to employers for reproduction and distribution to employees. One copy of the information sheet shall be provided by the department to an employer upon request. The information sheets shall be available at each office of the department, and shall be mailed if the request includes a self-addressed envelope with postage affixed. Multiple copies of the information sheet shall be obtained through the Office of Documents and Publications of the Department of General Services. Each employer shall distribute this information sheet to its employees, unless the employer provides equivalent information to its employees that contains, at a minimum, components on the following:

- (1) The illegality of sexual harassment.
- (2) The definition of sexual harassment under applicable state and federal law.
- (3) A description of sexual harassment, utilizing examples.
- (4) The internal complaint process of the employer available to the employee.
- (5) The legal remedies and complaint process available through the department and the commission.
- (6) Directions on how to contact the department and the commission.
- (7) The protection against retaliation provided by Section 7287.8 of Title 2 of the California Code of Regulations for opposing the practices prohibited by this article or for filing a complaint with, or otherwise participating in an investigation, proceeding, or hearing conducted by, the department or the commission.

(c) The information sheet or information required to be distributed to employees pursuant to subdivision (b) shall be delivered in a manner that

ensures distribution to each employee, such as including the information sheet or information with an employee's pay.

(d) Notwithstanding subdivisions (j) and (k) of Section 12940, a claim that the information sheet or information required to be distributed pursuant to 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 the requirements of this section, the commission shall issue an order requiring the employer to comply with these requirements.

SEC. 2. Section 12960 of the Government Code is amended to read:

12960. (a) The provisions of this article govern the procedure for the prevention and elimination of practices made unlawful pursuant to Article 1 (commencing with Section 12940) of Chapter 6.

(b) Any person claiming to be aggrieved by an alleged unlawful practice may file with the department a verified complaint, in writing, that shall state the name and address of the person, employer, labor organization, or employment agency alleged to have committed the unlawful practice complained of, and that shall set forth the particulars thereof and contain other information as may be required by the department. The director or his or her authorized representative may in like manner, on his or her own motion, make, sign, and file a complaint.

(c) Any employer whose employees, or some of them, refuse or threaten to refuse to cooperate with the provisions of this part may file with the department a verified complaint asking for assistance by conciliation or other remedial action.

(d) No complaint may be filed after the expiration of one year from the date upon which the alleged unlawful practice or refusal to cooperate occurred, except that this period may be extended as follows:

(1) For a period of time not to exceed 90 days following the expiration of that year, if a person allegedly aggrieved by an unlawful practice first obtained knowledge of the facts of the alleged unlawful practice after the expiration of one year from the date of their occurrence.

(2) For a period of time not to exceed one year following a rebutted presumption of the identity of the person's employer under Section 12928, in order to allow a person allegedly aggrieved by an unlawful practice to make a substitute identification of the actual employer.

(3) For a period of time, not to exceed one year from the date the person aggrieved by an alleged violation of Section 51.7 of the Civil Code becomes aware of the identity of a person liable for the alleged violation, but in no case exceeding three years from the date of the

alleged violation if during that period the aggrieved person is unaware of the identity of any person liable for the alleged violation.

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CHAPTER 491

An act to amend Section 128.7 of the Code of Civil Procedure, relating to court documents.

[Approved by Governor September 11, 2002. Filed with Secretary of State September 12, 2002.]

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

SECTION 1. Section 128.7 of the Code of Civil Procedure is amended to read:

128.7. (a) Every pleading, petition, written notice of motion, or other similar paper shall be signed by at least one attorney of record in the attorney's individual name, or, if the party is not represented by an attorney, shall be signed by the party. Each paper shall state the signer's address and telephone number, if any. Except when otherwise provided by law, pleadings need not be verified or accompanied by affidavit. An unsigned paper shall be stricken unless omission of the signature is corrected promptly after being called to the attention of the attorney or party.

(b) By presenting to the court, whether by signing, filing, submitting, or later advocating, a pleading, petition, written notice of motion, or other similar paper, an attorney or unrepresented party is certifying that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances, all of the following conditions are met:

(1) It is not being presented primarily for an improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation.

(2) The claims, defenses, and other legal contentions therein are warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law.

(3) The allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery.

(4) The denials of factual contentions are warranted on the evidence or, if specifically so identified, are reasonably based on a lack of information or belief.

(c) If, after notice and a reasonable opportunity to respond, the court determines that subdivision (b) has been violated, the court may, subject to the conditions stated below, impose an appropriate sanction upon the attorneys, law firms, or parties that have violated subdivision (b) or are responsible for the violation. In determining what sanctions, if any, should be ordered, the court shall consider whether a party seeking sanctions has exercised due diligence.

(1) A motion for sanctions under this section shall be made separately from other motions or requests and shall describe the specific conduct alleged to violate subdivision (b). Notice of motion shall be served as provided in Section 1010, but shall not be filed with or presented to the court unless, within 21 days after service of the motion, or any other period as the court may prescribe, the challenged paper, claim, defense, contention, allegation, or denial is not withdrawn or appropriately corrected. If warranted, the court may award to the party prevailing on the motion the reasonable expenses and attorney's fees incurred in presenting or opposing the motion. Absent exceptional circumstances, a law firm shall be held jointly responsible for violations committed by its partners, associates, and employees.

(2) On its own motion, the court may enter an order describing the specific conduct that appears to violate subdivision (b) and directing an attorney, law firm, or party to show cause why it has not violated subdivision (b), unless, within 21 days of service of the order to show cause, the challenged paper, claim, defense, contention, allegation, or denial is withdrawn or appropriately corrected.

(d) A sanction imposed for violation of subdivision (b) shall be limited to what is sufficient to deter repetition of this conduct or comparable conduct by others similarly situated. Subject to the limitations in paragraphs (1) and (2), the sanction may consist of, or include, directives of a nonmonetary nature, an order to pay a penalty into court, or, if imposed on motion and warranted for effective deterrence, an order directing payment to the movant of some or all of the reasonable attorney's fees and other expenses incurred as a direct result of the violation.

(1) Monetary sanctions may not be awarded against a represented party for a violation of paragraph (2) of subdivision (b).

(2) Monetary sanctions may not be awarded on the court's motion unless the court issues its order to show cause before a voluntary dismissal or settlement of the claims made by or against the party that is, or whose attorneys are, to be sanctioned.



(e) When imposing sanctions, the court shall describe the conduct determined to constitute a violation of this section and explain the basis for the sanction imposed.

(f) In addition to any award pursuant to this section for conduct described in subdivision (b), the court may assess punitive damages against the plaintiff upon a determination by the court that the plaintiff's action was an action maintained by a person convicted of a felony against the person's victim, or the victim's heirs, relatives, estate, or personal representative, for injuries arising from the acts for which the person was convicted of a felony, and that the plaintiff is guilty of fraud, oppression, or malice in maintaining the action.

(g) This section shall not apply to disclosures and discovery requests, responses, objections, and motions.

(h) A motion for sanctions brought by a party or a party's attorney primarily for an improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation, shall itself be subject to a motion for sanctions. It is the intent of the Legislature that courts shall vigorously use its sanctions authority to deter that improper conduct or comparable conduct by others similarly situated.

(i) This section shall apply to a complaint or petition filed on or after January 1, 1995, and any other pleading, written notice of motion, or other similar paper filed in that matter.

(j) This section shall remain in effect only until January 1, 2006, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2006, deletes or extends that date.

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## CHAPTER 492

An act to amend Sections 48902, 48904.3, 48911, 49070, 56026, 56043, 56125, 56171, 56173, 56175, 56176, 56320, 56321, 56329, 56340, 56341.5, 56342, 56344, 56347, 56363.5, 56365, 56381, 56426.9, 56501, 56502, 56504.5, 56505, 56505.1, 56600, and 60640 of, to add Sections 48927, 56021.1, 56026.1, 56138, 56174.5, 56304, 56330, 56342.1, 56383, 56500.4, 56500.5, 56600.6, and 56601.5 to, to add Article 6 (commencing with Section 56385) to Chapter 4 of Part 30 of, to repeal Sections 56600.5 and 56603 of, to repeal Section 48915.6 of, and to repeal and add Sections 48915.5, 56500.2, and 56602 of, the Education Code, and to amend Section 7579.5 of the Government Code, relating to special education.



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

SECTION 1. Section 48902 of the Education Code is amended to read:

48902. (a) The principal of a school or the principal's designee shall, prior to the suspension or expulsion of any pupil, notify the appropriate law enforcement authorities of the county or city in which the school is situated, of any acts of the pupil that may violate Section 245 of the Penal Code.

(b) The principal of a school or the principal's designee shall, within one schoolday after suspension or expulsion of any pupil, notify, by telephone or any other appropriate method chosen by the school, the appropriate law enforcement authority of the county or the school district in which the school is situated of any acts of the pupils that may violate subdivision (c) or (d) of Section 48900.

(c) Notwithstanding subdivision (b), the principal of a school or the principal's designee shall notify the appropriate law enforcement authorities of the county or city in which the school is located of any acts of a student that may involve the possession or sale of narcotics or of a controlled substance or a violation of Section 626.9 or 626.10 of the Penal Code.

(d) A principal, the principal's designee, or any other person reporting a known or suspected act described in subdivision (a) or (b) is not civilly or criminally liable as a result of making any report authorized by this article unless it can be proven that a false report was made and that the person knew the report was false or the report was made with reckless disregard for the truth or falsity of the report.

(e) The willful failure to make any report required by this section is an infraction punishable by a fine to be paid by the principal or principal's designee who is responsible for the failure of not more than five hundred dollars (\$500).

(f) The principal of a school or the principal's designee reporting a criminal act committed by a schoolage individual with exceptional needs, as defined in Section 56026, shall ensure that copies of the special education and disciplinary records of the pupil are transmitted, as described in paragraph (9) of subsection (k) of Section 1415 of Title 20 of the United States Code, for consideration by the appropriate authorities to whom he or she reports the criminal act. Any copies of the pupil's special education and disciplinary records may be transmitted only to the extent permissible under the federal Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Sec. 1232g et seq.).

SEC. 2. Section 48904.3 of the Education Code is amended to read:

48904.3. (a) Upon receiving notice that a school district has withheld the grades, diploma, or transcripts of any pupil pursuant to

Section 48904, any school district to which the pupil has transferred shall likewise withhold the grades, diploma, or transcripts of the pupil as authorized by that section, until the time that it receives notice, from the district that initiated the decision to withhold, that the decision has been rescinded under the terms of that section.

(b) Any school district that has decided to withhold a pupil's grades, diploma, or transcripts pursuant to Section 48904 shall, upon receiving notice that the pupil has transferred to any school district in this state, notify the parent or guardian of the pupil in writing that the decision to withhold will be enforced as specified in subdivision (a).

(c) For purposes of this section and Section 48904, "school district" is defined to include any county superintendent of schools.

(d) This section and Section 48904 shall also apply to the state special schools, as described in subdivision (a) of Section 48927.

SEC. 3. Section 48911 of the Education Code is amended to read:

48911. (a) The principal of the school, the principal's designee, or the superintendent of schools may suspend a pupil from the school for any of the reasons enumerated in Section 48900, and pursuant to Section 48900.5, for no more than five consecutive schooldays.

(b) Suspension by the principal, the principal's designee, or the superintendent of schools shall be preceded by an informal conference conducted by the principal or the principal's designee or the superintendent of schools between the pupil and, whenever practicable, the teacher, supervisor, or school employee who referred the pupil to the principal, the principal's designee, or the superintendent of schools. At the conference, the pupil shall be informed of the reason for the disciplinary action and the evidence against him or her and shall be given the opportunity to present his or her version and evidence in his or her defense.

(c) A principal, the principal's designee, or the superintendent of schools may suspend a pupil without affording the pupil an opportunity for a conference only if the principal, the principal's designee, or the superintendent of schools determines that an emergency situation exists. "Emergency situation," as used in this article, means a situation determined by the principal, the principal's designee, or the superintendent of schools to constitute a clear and present danger to the life, safety, or health of pupils or school personnel. If a pupil is suspended without a conference prior to suspension, both the parent and the pupil shall be notified of the pupil's right to a conference and the pupil's right to return to school for the purpose of a conference. The conference shall be held within two schooldays, unless the pupil waives this right or is physically unable to attend for any reason, including, but not limited to, incarceration or hospitalization. The conference shall then be held as soon as the pupil is physically able to return to school for the conference.

(d) At the time of suspension, a school employee shall make a reasonable effort to contact the pupil's parent or guardian in person or by telephone. Whenever a pupil is suspended from school, the parent or guardian shall be notified in writing of the suspension.

(e) A school employee shall report the suspension of the pupil, including the cause therefor, to the governing board of the school district or to the school district superintendent in accordance with the regulations of the governing board.

(f) The parent or guardian of any pupil shall respond without delay to any request from school officials to attend a conference regarding his or her child's behavior.

No penalties may be imposed on a pupil for failure of the pupil's parent or guardian to attend a conference with school officials. Reinstatement of the suspended pupil shall not be contingent upon attendance by the pupil's parent or guardian at the conference.

(g) In a case where expulsion from any school or suspension for the balance of the semester from continuation school is being processed by the governing board, the school district superintendent or other person designated by the superintendent in writing may extend the suspension until the governing board has rendered a decision in the action. However, an extension may be granted only if the school district superintendent or the superintendent's designee has determined, following a meeting in which the pupil and the pupil's parent or guardian are invited to participate, that the presence of the pupil at the school or in an alternative school placement would cause a danger to persons or property or a threat of disrupting the instructional process. If the pupil or the pupil's parent or guardian has requested a meeting to challenge the original suspension pursuant to Section 48914, the purpose of the meeting shall be to decide upon the extension of the suspension order under this section and may be held in conjunction with the initial meeting on the merits of the suspension.

(h) For the purposes of this section, a "principal's designee" is any one or more administrators at the schoolsite specifically designated by the principal, in writing, to assist with disciplinary procedures.

In the event that there is not an administrator in addition to the principal at the schoolsite, a certificated person at the schoolsite may be specifically designated by the principal, in writing, as a "principal's designee," to assist with disciplinary procedures. The principal may designate only one person at a time as the principal's primary designee for the school year.

An additional person meeting the requirements of this subdivision may be designated by the principal, in writing, to act for the purposes of this article when both the principal and the principal's primary designee are absent from the schoolsite. The name of the person, and the names

of any person or persons designated as “principal’s designee,” shall be on file in the principal’s office.

This section is not an exception to, nor does it place any limitation on, Section 48903.

SEC. 4. Section 48915.5 of the Education Code is repealed.

SEC. 5. Section 48915.5 is added to the Education Code, to read:

48915.5. (a) An individual with exceptional needs, as defined in Section 56026, may be suspended or expelled from school in accordance with subsection (k) of Section 1415 of Title 20 of the United States Code, the discipline provisions contained in Sections 300.519 through 300.529 of Title 34 of the Code of Federal Regulations, and other provisions of this part that do not conflict with federal law and regulations.

(b) A free appropriate public education for individuals with exceptional needs suspended or expelled from school shall be in accordance with paragraph (1) of subsection (a) of Section 1412 of Title 20 of the United States Code and subsection (d) of Section 300.121 of Title 34 of the Code of Federal Regulations.

(c) If an individual with exceptional needs is excluded from schoolbus transportation, the pupil is entitled to be provided with an alternative form of transportation at no cost to the pupil or parent or guardian provided that transportation is specified in the pupil’s individualized education program.

SEC. 6. Section 48915.6 of the Education Code is repealed.

SEC. 7. Section 48927 is added to the Education Code, to read:

48927. (a) This chapter shall also apply to pupils attending the California School for the Blind and the two California Schools for the Deaf, which shall be referred to as the “state special schools.”

(b) Because the state special schools have a governance structure different from that of school districts, for the purposes of this section the following definitions shall apply:

(1) “Superintendent” means the appropriate principal of the state special school in which the pupil is enrolled, or the principal’s designee, for purposes of Sections 48900, 48900.2, 48900.3, 48900.4, 48900.5, 48900.7, 48911, and subdivisions (a) and (j) of Section 48918.

(2) “Governing board of each school district,” “governing board of any school district,” or “each governing board of a school district” means the Superintendent of Public Instruction or his or her designee for purposes of subdivision (a) of Section 48900.1, subdivision (b) of Section 48901, subdivision (b) of Section 48901.5, Section 48907, Section 48910, the first paragraph of Section 48918, and the first paragraph of Section 48918.5.

(3) “Governing board” means the Superintendent of the State Special School in which the pupil is enrolled for purposes of Section 48912, subdivision (d) of Section 48915, Section 48915.5, Section

48916, Section 48917, subdivisions (a), (c), (d), (f), (h), (i), (j), and (k) of Section 48918, and Sections 48921, 48922, 48923, and 48924.

(4) "Governing board" means the governing board of the district of residence of the expelled pupil for purposes of subdivision (f) of Section 48915 and Section 48916.1. In the case of an adult pupil expelled from a state special school, "governing board" shall mean the governing board of the school district that referred the pupil to the state special school for purposes of the statute cited in this paragraph.

(5) "Superintendent of schools or the governing board" means the appropriate principal of the state special school in which the pupil is enrolled, or the principal's designee, for the purposes of Section 48900.6.

(6) "School district" or "district" shall mean the state special school in which the pupil is enrolled for purposes of Section 48900.8, subdivision (b) of Section 48903, Section 48905, Section 48909, Section 48914, paragraph (1) of subdivision (e) of Section 48916.1, subdivision (c) of Section 48918.5, Section 48919, Section 48920, and Section 48921.

(7) "County board of education" or "county board" shall mean the Superintendent of Public Instruction or his or her designee for purposes of Sections 48920, 48921, 48922, 48923, and 48924.

(8) "Local educational agency" includes a state special school for purposes of Section 48902 and Section 48915.5.

(9) "A change in placement" for purposes of paragraph (2) of subdivision (a) of Section 48915.5 means a referral by the State Special School to the pupil's school district of residence for placement in an appropriate interim alternative educational setting.

(10) "Individualized education program team" means the individualized education program team of the pupil's school district of residence with appropriate representation from the state special school in which the pupil is enrolled for purposes of subdivision (a) of Section 48915.5.2.

(11) "Individualized education program team" means the individualized education program team of the state special school in which the pupil is enrolled with appropriate representation from the pupil's school district of residence for purposes of subdivisions (b), (c), and (d) of Section 48915.5.3.

(c) Subdivision (b) of this section shall be deemed to provide the same due process procedural protections to pupils in the state special schools as afforded to pupils in the public school districts of the state.

SEC. 8. Section 49070 of the Education Code is amended to read: 49070. Following an inspection and review of a pupil's records, the parent or guardian of a pupil or former pupil of a school district may challenge the content of any pupil record.

(a) The parent or guardian of a pupil may file a written request with the superintendent of the district to correct or remove any information recorded in the written records concerning his or her child which the parent or guardian alleges to be any of the following:

- (1) Inaccurate.
- (2) An unsubstantiated personal conclusion or inference.
- (3) A conclusion or inference outside of the observer's area of competence.
- (4) Not based on the personal observation of a named person with the time and place of the observation noted.
- (5) Misleading.
- (6) In violation of the privacy or other rights of the pupil.

(b) Within 30 days of receipt of a request pursuant to subdivision (a), the superintendent or the superintendent's designee shall meet with the parent or guardian and the certificated employee who recorded the information in question, if any, and if the employee is presently employed by the school district. The superintendent shall then sustain or deny the allegations.

If the superintendent sustains any or all of the allegations, he or she shall order the correction or the removal and destruction of the information. However, in accordance with Section 49066, the superintendent shall not order a pupil's grade to be changed unless the teacher who determined the grade is, to the extent practicable, given an opportunity to state orally, in writing, or both, the reasons for which the grade was given and is, to the extent practicable, included in all discussions relating to the changing of the grade.

If the superintendent denies any or all of the allegations and refuses to order the correction or the removal of the information, the parent or guardian may, within 30 days of the refusal, appeal the decision in writing to the governing board of the school district.

(c) Within 30 days of receipt of an appeal pursuant to subdivision (b), the governing board shall, in closed session with the parent or guardian and the certificated employee who recorded the information in question, if any, and if the employee is presently employed by the school district, determine whether or not to sustain or deny the allegations.

If the governing board sustains any or all of the allegations, it shall order the superintendent to immediately correct or remove and destroy the information from the written records of the pupil, and so inform the parent or guardian in writing. However, in accordance with Section 49066, the governing board shall not order a pupil's grade to be changed unless the teacher who determined the grade is, to the extent practicable, given an opportunity to state orally, in writing, or both, the reasons for which the grade was given and is, to the extent practicable, included in all discussions relating to the changing of the grade.

The decision of the governing board shall be final.

Records of these administrative proceedings shall be maintained in a confidential manner and shall be destroyed one year after the decision of the governing board, unless the parent or guardian initiates legal proceedings relative to the disputed information within the prescribed period.

(d) If the final decision of the governing board is unfavorable to the parent or guardian, or if the parent or guardian accepts an unfavorable decision by the district superintendent, the parent or guardian shall be informed and shall have the right to submit a written statement of his or her objections to the information. This statement shall become a part of the pupil's school record until the information objected to is corrected or removed.

SEC. 9. Section 56021.1 is added to the Education Code, to read:

56021.1. "Consent", as provided in subsection (b) of Section 300.500 of Title 34 of the Code of Federal Regulations, means all of the following:

(a) The parent or guardian has been fully informed of all information relevant to the activity for which consent is sought, in his or her native language, or other mode of communication.

(b) The parent or guardian understands and agrees in writing to the carrying out of the activity for which his or her consent is sought, and the consent describes that activity and lists the records, if any, that will be released and to whom.

(c) The parent or guardian understands that the granting of consent is voluntary on the part of the parent or guardian and may be revoked at any time. If a parent or guardian revokes consent, that revocation is not retroactive, meaning that it does not negate an action that has occurred after the consent was given and before the consent was revoked.

SEC. 10. Section 56026 of the Education Code is amended to read:

56026. "Individuals with exceptional needs" means those persons who satisfy all the following:

(a) Identified by an individualized education program team as a child with a disability, as that phrase is defined in subparagraph (A) of paragraph (3) of Section 1401 of Title 20 of the United States Code.

(b) Their impairment, as described by subdivision (a), requires instruction, services, or both, which cannot be provided with modification of the regular school program.

(c) Come within one of the following age categories:

(1) Younger than three years of age and identified by the district, the special education local plan area, or the county office as requiring intensive special education and services, as defined by the State Board of Education.



(2) Between the ages of three to five years, inclusive, and identified by the district, the special education local plan area, or the county office pursuant to Section 56441.11.

(3) Between the ages of five and 18 years, inclusive.

(4) Between the ages of 19 and 21 years, inclusive; enrolled in or eligible for a program under this part or other special education program prior to his or her 19th birthday; and has not yet completed his or her prescribed course of study or who has not met proficiency standards or has not graduated from high school with a regular high school diploma.

(A) Any person who becomes 22 years of age during the months of January to June, inclusive, while participating in a program under this part may continue his or her participation in the program for the remainder of the current fiscal year, including any extended school year program for individuals with exceptional needs established pursuant to regulations adopted by the State Board of Education, pursuant to Article 1 (commencing with Section 56100) of Chapter 2.

(B) Any person otherwise eligible to participate in a program under this part shall not be allowed to begin a new fiscal year in a program if he or she becomes 22 years of age in July, August, or September of that new fiscal year. However, if a person is in a year-round school program and is completing his or her individualized education program in a term that extends into the new fiscal year, then the person may complete that term.

(C) Any person who becomes 22 years of age during the months of October, November, or December while participating in a program under this act shall be terminated from the program on December 31 of the current fiscal year, unless the person would otherwise complete his or her individualized education program at the end of the current fiscal year.

(D) No school district, special education local plan area, or county office of education may develop an individualized education program that extends these eligibility dates, and in no event may a pupil be required or allowed to attend school under the provisions of this part beyond these eligibility dates solely on the basis that the individual has not met his or her goals or objectives.

(d) Meet eligibility criteria set forth in regulations adopted by the board, including, but not limited to, those adopted pursuant to Article 2.5 (commencing with Section 56333) of Chapter 4.

(e) Unless disabled within the meaning of subdivisions (a) to (d), inclusive, pupils whose educational needs are due primarily to limited English proficiency; a lack of instruction in reading or mathematics; temporary physical disabilities; social maladjustment; or environmental, cultural, or economic factors are not individuals with exceptional needs.

SEC. 11. Section 56026.1 is added to the Education Code, to read:



56026.1. (a) As provided in clause (i) of paragraph (3) of subsection (a) of Section 300.122 of Title 34 of the Code of Federal Regulations, an individual with exceptional needs who graduates from high school with a regular high school diploma is no longer eligible for special education and related services.

(b) For purposes of this section and Section 56026, a “regular high school diploma” means a diploma conferred on a pupil who has completed a prescribed course of study and has met the standards of proficiency in basic skills prescribed by the governing board of the school district.

SEC. 12. 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) 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.

(d) An individualized education program required as a result of an assessment of a pupil shall be developed within a total time not to exceed 50 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.

(e) Beginning at age 14, and updated annually, a statement of the transition service needs of the pupil shall be included in the pupil’s individualized education program, pursuant to subdivision (a) of Section 56345.1.

(f) 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 subdivision (b) of Section 56345.1.

(g) 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.

(h) 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, subdivision (a) of Section 56380, and Section 3068 of Title 5 of the California Code of Regulations.

(i) A reassessment of a pupil shall be conducted at least once every three years or more frequently, if conditions warrant a reassessment and a new individualized education program to be developed, pursuant to Section 56381.

(j) 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 in July and August, from the date of receipt of the parent's or guardian's written request, pursuant to Section 56343.5.

(k) The administrator of a local program under this part shall ensure that the pupil is immediately provided an interim placement for a period not to exceed 30 calendar days whenever a pupil transfers into a school district from a school district not operating programs under the same local plan in which he or she was last enrolled in a special education program pursuant to Section 56325.

(l) The parent or guardian shall have the right and opportunity to examine all school records of the child and to receive copies within five calendar days after a request is made by the parent or guardian, either orally or in writing, pursuant to Section 56504 and Chapter 6.5 (commencing with Section 49060) of Part 27.

(m) 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, within five working days, pursuant to subdivision (a) of Section 3024 of Title 5 of the California Code of Regulations.

(n) 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.

(o) 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.

(p) 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, pursuant to subdivision (j) of Section 56505.

(q) 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.

(r) 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.

(s) 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.

(t) 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.

(u) 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.

(v) 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.

(w) 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.

SEC. 13. Section 56125 of the Education Code is amended to read:

56125. The superintendent shall monitor the implementation of local plans by periodically conducting onsite program and fiscal reviews, in accordance with Sections 300.550 to 300.556, inclusive, of Title 34 of the Code of Federal Regulations.

SEC. 14. Section 56138 is added to the Education Code, to read:

56138. The superintendent shall develop, and the board shall adopt, performance goals and indicators for individuals with exceptional needs that are consistent with, to the maximum extent appropriate, the standards for all pupils in the public education system, in accordance with the provisions of Section 300.137 of Title 34 of the Code of Federal Regulations.

SEC. 15. Section 56171 of the Education Code is amended to read:

56171. Districts, special education local plan areas, and county offices shall locate, identify, and assess all private school children with disabilities, including religiously affiliated schoolage children, who have disabilities and are in need of special education and related services residing in the jurisdiction of the district, special education local plan area, or county office in accordance with Section 56301. The activities undertaken to carry out this responsibility for private school children with disabilities shall be comparable to activities undertaken in accordance with the provisions of Section 300.451 of Title 34 of the Code of Federal Regulations.

SEC. 16. Section 56173 of the Education Code is amended to read:

56173. To meet the requirements of Section 56172, each district, special education local plan area, or county office shall spend on providing special education and related services to private school children with disabilities enrolled by a parent in private elementary and secondary schools, an amount of federal state grant funds allocated to the state under Part B of the Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.) that is equal to a proportionate amount of federal funds made available under the Part B grant program for local assistance, in accordance with Section 300.453 of Title 34 of the Code of Federal Regulations and as provided in paragraph (2) of subsection

(b) of Section 300.456 and Sections 300.458, 300.459, 300.460, 300.461, and 300.462 of Title 34 of the Code of Federal Regulations.

SEC. 17. Section 56174.5 is added to the Education Code, to read:

56174.5. (a) Private school individuals with exceptional needs may receive a different amount of services than individuals with exceptional needs in public school receive pursuant to paragraph (2) of subsection (a) of Section 300.455 of Title 34 of the Code of Federal Regulations. No private school individual with exceptional needs is entitled to any amount of service the child would receive if enrolled in a public school pursuant to paragraph (3) of subsection (a) of Section 300.455 of Title 34 of the Code of Federal Regulations.

(b) Decisions about the services provided to private school individuals with exceptional needs pursuant to this article shall be made pursuant to this section and Sections 300.454, 300.455, and 300.456 of Title 34 of the Code of Federal Regulations.

SEC. 18. Section 56175 of the Education Code is amended to read:

56175. If a parent or guardian of an individual with exceptional needs, who previously received special education and related services under the authority of the district, special education local plan area, or county office, enrolls the child in a private elementary or secondary school without the consent of or referral by the district, special education local plan area, or county office, a court or a due process hearing officer may require the district, special education local plan area, or county office to reimburse the parent or guardian for the cost of that enrollment if the court or due process hearing officer finds that the district, special education local plan area, or county office had not made a free appropriate public education available to the child in a timely manner prior to that enrollment in the private elementary or secondary school and that the private placement is appropriate, in accordance with subsection (c) of Section 300.403 of Title 34 of the Code of Federal Regulations.

SEC. 19. Section 56176 of the Education Code is amended to read:

56176. The cost of the reimbursement described in Section 56175 may be reduced or denied in the event of any of the following:

(a) At the most recent individualized education program meeting that a parent or guardian attended prior to removal of the child from the public school, the parent or guardian did not inform the individualized education program team that they were rejecting the placement proposed by the district, special education local plan area, or county office to provide a free appropriate public education to the child, including stating his or her concerns and the intent to enroll the child in a private school at public expense.

(b) The parent or guardian did not give written notice to the district, special education local plan area, or county office of the information

described in subdivision (a) at least 10 business days, including any holidays that occur on a business day, prior to the removal of the child from the public school.

(c) Prior to the parent's removal of the child from the public school, the district, special education local plan area, or county office informed the parent, through the notice requirements described in paragraph (1) of subdivision (a) of Section 56500.4, of its intent to assess the child, including a statement of the purpose of the assessment that was appropriate and reasonable, but the parent did not make the child available for the assessment.

(d) Upon a judicial finding of unreasonableness with respect to actions taken by a parent.

SEC. 20. Section 56304 is added to the Education Code, to read:

56304. The parents or guardians of a pupil who has been referred for initial assessment, or of a pupil already identified as an individual with exceptional needs, shall be afforded an opportunity to participate in meetings with respect to the identification, assessment, and educational placement, pursuant to Section 56342.5 and subsections (b) and (c) of Section 56341.5, of the pupil and with respect to the provision of a free appropriate public education, as provided in Section 300.501 of Title 34 of the Code of Federal Regulations.

SEC. 21. Section 56320 of the Education Code is amended to read:

56320. Before any action is taken with respect to the initial placement of an individual with exceptional needs in special education instruction, an individual assessment of the pupil's educational needs shall be conducted, by qualified persons, in accordance with requirements including, but not limited to, all the following:

(a) Testing and assessment materials and procedures used for the purposes of assessment and placement of individuals with exceptional needs are selected and administered so as not to be racially, culturally, or sexually discriminatory.

(b) Tests and other assessment materials meet all the following requirements:

(1) Are provided and administered in the pupil's primary language or other mode of communication, unless the assessment plan indicates reasons why this provision and administration are not clearly feasible.

(2) Have been validated for the specific purpose for which they are used.

(3) Are administered by trained personnel in conformance with the instructions provided by the producer of the tests and other assessment materials, except that individually administered tests of intellectual or emotional functioning shall be administered by a credentialed school psychologist.

(c) Tests and other assessment materials include those tailored to assess specific areas of educational need and not merely those which are designed to provide a single general intelligence quotient.

(d) Tests are selected and administered to best ensure that when a test administered to a pupil with impaired sensory, manual, or speaking skills produces test results that accurately reflect the pupil's aptitude, achievement level, or any other factors the test purports to measure and not the pupil's impaired sensory, manual, or speaking skills unless those skills are the factors the test purports to measure.

(e) Pursuant to subsection (f) of Section 300.532 of Title 34 of the Code of Federal Regulations, no single procedure is used as the sole criterion for determining whether a pupil is an individual with exceptional needs and for determining an appropriate educational program for the pupil.

(f) The pupil is assessed in all areas related to the suspected disability including, if appropriate, health and development, vision, including low vision, hearing, motor abilities, language function, general intelligence, academic performance, communicative status, self-help, orientation and mobility skills, career and vocational abilities and interests, and social and emotional status. A developmental history is obtained, when appropriate. For pupils with residual vision, a low vision assessment shall be provided in accordance with guidelines established pursuant to Section 56136. In assessing each pupil under this article, the assessment shall be conducted in accordance with subsection (h) of Section 300.532 of Title 34 of the Code of Federal Regulations.

(g) The assessment of a pupil, including the assessment of a pupil with a suspected low incidence disability, shall be conducted by persons knowledgeable of that disability. Special attention shall be given to the unique educational needs, including, but not limited to, skills and the need for specialized services, materials, and equipment consistent with guidelines established pursuant to Section 56136.

(h) As part of an initial assessment, if appropriate, and as part of any reassessment under Part B of the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.) and this part, the group that includes members of the individualized education program team, and other qualified professionals, as appropriate, shall follow the procedures specified in subsection (a) of Section 300.533 of Title 34 of the Code of Federal Regulations. The group may conduct its review without a meeting.

SEC. 22. Section 56321 of the Education Code is amended to read:

56321. (a) Whenever an assessment for the development or revision of the individualized education program is to be conducted, the parent or guardian of the pupil shall be given, in writing, a proposed assessment plan within 15 days of the referral for assessment not



counting days between the pupil's regular school sessions or terms or 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. However, in any event, the assessment plan shall be developed within 10 days after the commencement of the subsequent regular school year or the pupil's regular school term as determined by each district's school calendar for each pupil for whom a referral has been made 10 days or less prior to the end of the regular school year. In the case of pupil school vacations, the 15-day time shall recommence on the date that the pupil's regular schooldays reconvene. A copy of the notice of a parent's or guardian's rights shall be attached to the assessment plan. A written explanation of all the procedural safeguards under the Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 and following), and the rights and procedures contained in Chapter 5 (commencing with Section 56500), shall be included in the notice of a parent's or guardian's rights, including information on the procedures for requesting an informal meeting, prehearing mediation conference, mediation conference, or due process hearing; the timelines for completing each process; whether the process is optional; and the type of representative who may be invited to participate.

(b) The proposed assessment plan given to parents or guardians shall meet all the following requirements:

- (1) Be in language easily understood by the general public.
- (2) Be provided in the primary language of the parent or guardian or other mode of communication used by the parent or guardian, unless to do so is clearly not feasible.
- (3) Explain the types of assessments to be conducted.
- (4) State that no individualized education program will result from the assessment without the consent of the parent.

(c) No assessment shall be conducted unless the written consent of the parent or guardian is obtained prior to the assessment except pursuant to subdivision (e) of Section 56506. The parent or guardian shall have at least 15 days from the receipt of the proposed assessment plan to arrive at a decision. Assessment may begin immediately upon receipt of the consent.

(d) Consent for initial assessment may not be construed as consent for initial placement or initial provision of special education and related services to an individual with exceptional needs, pursuant to paragraph (2) of subsection (a) of Section 300.505 of Title 34 of the Code of Federal Regulations.

SEC. 23. Section 56329 of the Education Code is amended to read:  
56329. As part of the assessment plan given to parents or guardians pursuant to Section 56321, the parent or guardian of the pupil shall be



provided with a written notice that shall include all of the following information:

(a) Upon completion of the administration of tests and other assessment materials, an individualized education program team meeting, including the parent or guardian and his or her representatives, shall be scheduled, pursuant to Section 56341, to determine whether the pupil is an individual with exceptional needs as defined in Section 56026, and to discuss the assessment, the educational recommendations, and the reasons for these recommendations. A copy of the assessment report and the documentation of determination of eligibility shall be given to the parent or guardian.

(b) A parent or guardian has the right to obtain, at public expense, an independent educational assessment of the pupil from qualified specialists, as defined by regulations of the board, if the parent or guardian disagrees with an assessment obtained by the public education agency, in accordance with Section 300.502 of Title 34 of the Code of Federal Regulations.

(c) The public education agency may initiate a due process hearing pursuant to Chapter 5 (commencing with Section 56500) to show that its assessment is appropriate. If the final decision resulting from the due process hearing is that the assessment is appropriate, the parent or guardian still has the right for an independent educational assessment, but not at public expense.

If the parent or guardian obtains an independent educational assessment at private expense, the results of the assessment shall be considered by the public education agency with respect to the provision of free, appropriate public education to the child, and may be presented as evidence at a due process hearing pursuant to Chapter 5 (commencing with Section 56500) regarding the child.

SEC. 24. Section 56330 is added to the Education Code, to read:

56330. Each district, special education local plan area, or county office of education shall follow the procedures in Section 300.535 of Title 34 of the Code of Federal Regulations when interpreting assessment data for the purpose of determining if a child is an individual with exceptional needs under Section 56026.

SEC. 25. Section 56340 of the Education Code is amended to read:

56340. Each district, special education local plan area, or county office shall initiate and conduct meetings for the purposes of developing, reviewing, and revising the individualized education program of each individual with exceptional needs in accordance with paragraph (2) of subsection (b) of Section 300.343 of Title 34 of the Code of Federal Regulations.

SEC. 26. Section 56341.5 of the Education Code is amended to read:

56341.5. (a) Each district, special education local plan area, or county office convening a meeting of the individualized education program team shall take steps to ensure that no less than one of the parents or guardians of the individual with exceptional needs are present at each individualized education program meeting or are afforded the opportunity to participate.

(b) Parents or guardians shall be notified of the individualized education program meeting early enough to ensure an opportunity to attend.

(c) The individualized education program meeting shall be scheduled at a mutually agreed upon time and place. The notice of the meeting under subdivision (b) shall indicate the purpose, time, and location of the meeting and who shall be in attendance. Parents or guardians may also be informed in the notice of the right to bring other people to the meeting who have knowledge or special expertise regarding the individual with exceptional needs.

(d) For an individual with exceptional needs beginning at age 14, or younger, if appropriate, the meeting notice shall also indicate that a purpose of the meeting will be the development of a statement of the transition services needs of the individual required by subdivision (a) of Section 56345.1, and indicate that the individual with exceptional needs is also invited to attend. In accordance with paragraph (3) of subsection (b) of Section 300.345 of the Code of Federal Regulations, for an individual with exceptional needs beginning at 16 years of age or younger, if appropriate, the meeting notice shall also indicate that a purpose of the meeting is the consideration of needed transition services for the individual required by subdivision (b) of Section 56345.1 and indicate that the individual with exceptional needs is invited to attend. If the pupil does not attend the individualized education program meeting, the district, special education local plan area, or county office shall take steps to ensure that the pupil's preferences and interests are considered in accordance with paragraph (2) of subsection (b) of Section 300.344 of Title 34 of the Code of Federal Regulations.

(e) The meeting notice shall also identify any other local in accordance with paragraph (3) of subsection (b) of Section 300.344 of Title 34 of the Code of Federal Regulations.

(f) If no parent or guardian can attend the meeting, the district, special education local plan area, or county office shall use other methods to ensure parent or guardian participation, including individual or conference telephone calls.

(g) A meeting may be conducted without a parent or guardian in attendance if the district, special education local plan area, or county office is unable to convince the parent or guardian that he or she should attend. In this event, the district, special education local plan area, or

county office shall maintain a record of its attempts to arrange a mutually agreed-upon time and place, as follows:

(1) Detailed records of telephone calls made or attempted and the results of those calls.

(2) Copies of correspondence sent to the parents or guardians and any responses received.

(3) Detailed records of visits made to the home or place of employment of the parent or guardian and the results of those visits.

(h) The district, special education local plan area, or county office shall take whatever action is necessary to ensure that the parent or guardian understands the proceedings at a meeting, including arranging for an interpreter for parents or guardian with deafness or whose native language is other than English.

(i) The district, special education local plan area, or county office shall give the parent or guardian a copy of the individualized education program, at no cost to the parent or guardian.

SEC. 27. Section 56342 of the Education Code is amended to read:

56342. (a) The individualized education program team shall review the assessment results, determine eligibility, determine the content of the individualized education program, consider local transportation policies and criteria developed pursuant to paragraph (5) of subdivision (b) of Section 56195.8, and make program placement recommendations.

(b) In determining the program placement of an individual with exceptional needs, each district, special education local plan area, or county office shall ensure that the placement decisions and the child's placement are made in accordance with Sections 300.550 to 300.554, inclusive, of Title 34 of the Code of Federal Regulations.

SEC. 28. Section 56342.1 is added to the Education Code, to read:

56342.1. Before a district, special education local plan area, or county office places an individual with exceptional needs in, or refers an individual to, a nonpublic, nonsectarian school pursuant to Section 56365, the district, special education local plan area, or county office shall initiate and conduct a meeting to develop an individualized education program in accordance with Sections 56341.1 and 56345 in accordance with paragraphs (1) and (2) of subsection (a) of Section 300.349 of Title 34 of the Code of Federal Regulations.

SEC. 29. Section 56344 of the Education Code is amended to read:

56344. (a) An individualized education program required as a result of an assessment of a pupil shall be developed within a total time not to exceed 50 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 written consent for assessment, unless the parent agrees, in writing, to an extension. However, an individualized education program required as a result of an

assessment of a pupil shall be developed within 30 days after the commencement of the subsequent regular school year as determined by each district's school calendar for each pupil for whom a referral has been made 20 days or less prior to the end of the regular school year. In the case of pupil school vacations, the 50-day time shall recommence on the date that pupil schooldays reconvene.

(b) Each district, special education local plan area, or county office shall have an individualized education program in effect for each individual with exceptional needs within its jurisdiction at the beginning of each school year in accordance with subdivision (a) and pursuant to subsections (a) and (b) of Section 300.342 of Title 34 of the Code of Federal Regulations.

SEC. 30. Section 56347 of the Education Code is amended to read: 56347. Each district, special education local plan area, or county office shall, prior to the placement of the individual with exceptional needs, ensure that the regular teacher or teachers, the special education teacher or teachers, and other persons who provide special education, related services, or both to the individual with exceptional needs have access to the pupil's individualized education program, shall be knowledgeable of the content of the individualized education program, and shall be informed of his or her specific responsibilities related to implementing a pupil's individualized education program and the specific accommodations, modifications and supports that shall be provided for the pupil in accordance with the individualized education program, pursuant to paragraphs (2) and (3) of subsection (b) of Section 300.342 of Title 34 of the Code of Federal Regulations. A copy of each individualized education program shall be maintained at each schoolsite where the pupil is enrolled. Service providers from other agencies who provide instruction or a related service to the individual off the schoolsite shall be provided a copy of the individualized education program. All individualized education programs shall be maintained in accordance with state and federal pupil record confidentiality laws.

SEC. 31. Section 56363.5 of the Education Code is amended to read:

56363.5. School districts, county offices of education, and special education local plan areas may seek, either directly or through the pupil's parents or guardians, reimbursement from insurance companies to cover the costs of related services, in accordance with subsections (e) to (i), inclusive, of Section 300.142 of the Code of Federal Regulations.

SEC. 32. Section 56365 of the Education Code is amended to read:

56365. (a) Nonpublic, nonsectarian school services, including services by nonpublic, nonsectarian agencies shall be available. These services shall be provided pursuant to Section 56366 under contract with the district, special education local plan area, or county office to provide

the appropriate special educational facilities, special education, or designated instruction and services required by the individual with exceptional needs when no appropriate public education program is available.

(b) Pupils enrolled in nonpublic, nonsectarian schools and agencies under this section shall be deemed to be enrolled in public schools for all purposes of Chapter 4 (commencing with Section 41600) of Part 24 and Section 42238. The district, special education local plan area, or county office shall be eligible to receive allowances under Chapter 7.2 (commencing with Section 56836) for services that are provided to individuals with exceptional needs pursuant to the contract.

(c) If the state participates in the federal program of assistance for state-operated or state-supported programs for individuals with exceptional needs (P.L. 89-313, Sec. 6), pupils enrolled in nonpublic, nonsectarian schools shall be deemed to be enrolled in state-supported institutions for all purposes of that program and shall be eligible to receive allowances under Chapter 7.2 (commencing with Section 56836) for supplemental services provided to individuals with exceptional needs pursuant to a contract with a district, special education local plan area, or county office of education. In order to participate in the federal program, the state must find that participation will not result in any additional expenditures from the General Fund.

(d) The district, special education local plan area, or county office shall pay to the nonpublic, nonsectarian school or agency the full amount of the tuition for individuals with exceptional needs that are enrolled in programs provided by the nonpublic, nonsectarian school pursuant to the contract.

(e) Before contracting with a nonpublic, nonsectarian school or agency outside of this state, the district, special education local plan area, or county office shall document its efforts to utilize public schools or to locate an appropriate nonpublic, nonsectarian school or agency program, or both, within the state.

(f) If a district, special education local plan area, or county office places a pupil with a nonpublic, nonsectarian school or agency outside of this state, the pupil's individualized education program team shall submit a report to the superintendent within 15 days of the placement decision. The report shall include information about the special education and related services provided by the out-of-state program placement and the costs of the special education and related services provided, and shall indicate the efforts of the local educational agency to locate an appropriate public school or nonpublic, nonsectarian school or agency, or a combination thereof, within the state. The superintendent shall submit a report to the State Board of Education on all placements made outside of this state.

(g) If a school district, special education local plan area, or county office of education decides to place a pupil with a nonpublic, nonsectarian school or agency outside of this state, that local education agency shall indicate the anticipated date for the return of the pupil to a public or nonpublic, nonsectarian school or agency placement, or a combination thereof, located in the state and shall document efforts during the previous placement year to return the pupil.

(h) In addition to meeting the requirements of Section 56366.1, a nonpublic, nonsectarian school or agency that operates a program outside of this state shall be certified or licensed by that state to provide, respectively, special education and related services and designated instruction and related services to pupils under the Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.).

(i) A nonpublic, nonsectarian school or agency that is located outside of this state is eligible for certification pursuant to Section 56366.1 only if a pupil is enrolled in a program operated by that school or agency pursuant to the recommendation of an individualized education program team in California, and if that pupil's parents or guardians reside in California.

(j) In accordance with subsections (b) and (c) of Section 300.402 of Title 34 of the Code of Federal Regulations, the department shall disseminate copies of applicable standards to each nonpublic, nonsectarian school and nonpublic, nonsectarian agency to which a district, special education local plan area, or county office has referred or placed an individual with exceptional needs and shall provide an opportunity for those nonpublic, nonsectarian schools and nonpublic, nonsectarian agencies to participate in the development and revision of state standards that apply to those entities.

SEC. 33. Section 56381 of the Education Code is amended to read:

56381. (a) A reassessment of the pupil, based upon procedures specified in Article 2 (commencing with Section 56320) shall be conducted at least once every three years or more frequently, if conditions warrant a reassessment, or if the pupil's parent or teacher requests a reassessment and a new individualized education program to be developed.

If the reassessment so indicates, a new individualized education program shall be developed.

(b) As part of any reassessment, the individualized education program team and other qualified professionals, as appropriate, shall do the following:

(1) Review existing assessment data on the pupil, including assessments and information provided by the parents of the pupil, as specified in clause (i) of paragraph (1) of subsection (a) of Section 300.533 of Title 34 of the Code of Federal Regulations, current

classroom-based assessments and observations, and teacher and related services providers' observations.

(2) On the basis of the review conducted pursuant to paragraph (1), and input from the pupil's parents, identify what additional data, if any, is needed to determine:

(A) Whether the pupil continues to have a disability described in paragraph (3) of Section 1401 of Title 20 of the United States Code.

(B) The present levels of performance and educational needs of the pupil.

(C) Whether the pupil continues to need special education and related services.

(D) Whether any additions or modifications to the special education and related services are needed to enable the pupil to meet the measurable annual goals set out in the individualized education program of the pupil and to participate, as appropriate, in the general curriculum.

(c) The district, special education local plan area, or county office shall administer tests and other assessment materials as may be needed to produce the data identified by the individualized education program team.

(d) If the individualized education program team and other qualified professionals, as appropriate, determine that no additional data is needed to determine whether the pupil continues to be an individual with exceptional needs, the district, special education local plan area, or county office shall notify the pupil's parents of that determination and the reasons for it, and the right of the parents to request an assessment to determine whether the pupil continues to be an individual with exceptional needs; however, the district, special education local plan area, or county office shall not be required to conduct an assessment unless requested by the pupil's parents.

(e) A district, special education local plan area, or county office shall assess an individual with exceptional needs in accordance with this section and procedures specified in Article 2 (commencing with Section 56320), as provided in paragraph (2) of subsection (c) of Section 300.534 of Title 34 of the Code of Federal Regulations.

(f) No reassessment shall be conducted unless the written consent of the parent is obtained prior to reassessment except pursuant to subdivision (e) of Section 56506.

(g) The individualized education program team and other qualified professionals referenced in subdivision (b) may conduct the review without a meeting, as provided in subsection (b) of Section 300.533 of Title 34 of the Code of Federal Regulations.

SEC. 34. Section 56383 is added to the Education Code, to read:

56383. Pursuant to subsection (b) of Section 300.349 of Title 34 of the Code of Federal Regulations, after an individual with exceptional



needs is placed in a nonpublic nonsectarian school under Section 56366, any meetings to review and revise the pupil's individualized education program may be conducted by the nonpublic, nonsectarian school at the discretion of the district, special education local plan area, or county office of Education. However, even if a nonpublic, nonsectarian school implements a child's individualized education program, responsibility for compliance with this part and with the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.) and implementing regulations, remains with the district, special education local plan area, or county office of Education pursuant to subsection (c) of Section 300.349 of Title 34 of the Code of Federal Regulations.

SEC. 35. Article 6 (commencing with Section 56385) is added to Chapter 4 of Part 30 of the Education Code, to read:

Article 6. Participation in Statewide and Districtwide Assessment Programs

56385. (a) As provided in Section 300.138 of Title 34 of the Code of Federal Regulations, individuals with exceptional needs shall be included in general statewide and districtwide assessment programs, with appropriate accommodations, when necessary.

(b) The superintendent shall develop guidelines for the participation of individuals with exceptional needs in alternative assessments for those pupils who cannot participate in statewide and districtwide assessment programs.

(c) The department shall make available to the public reports regarding the assessment of pupils that have been identified as individuals with exceptional needs with the same frequency and in the same detail as it reports on the assessment of pupils that have not been so identified, in accordance with Section 300.139 of Title 34 of the Code of Federal Regulations.

SEC. 36. Section 56426.9 of the Education Code is amended to read:

56426.9. (a) Pursuant to paragraph (8) of subsection (a) of Section 1437 of Title 20 of the United States Code, each district, special education local plan area, or county office shall ensure that each child participating in early childhood special education services pursuant to this chapter, and who will participate in preschool programs pursuant to Chapter 4.45 (commencing with Section 56440) of this part, experiences a smooth and effective transition to those preschool programs.

(b) Pursuant to subsection (c) of Section 300.121 of Title 34 of the Code of Federal Regulations, each district, special education local plan area, or county office shall, by the third birthday of a child described in subdivision (a) of this section, ensure that an individualized education



program or an individualized family service plan has been developed and is being implemented for the child consistent with a free appropriate public education for children beginning at three years of age.

(c) In accordance with paragraph (8) of subsection (a) of Section 1437 of Title 20 of the United States Code, each district, special education local plan area, or county office shall participate in transition planning conferences arranged by the designated lead agency.

(d) Any child who becomes three years of age while participating in early childhood special education services under this chapter may continue until June 30 of the current program year, if the individualized education program team determines that the preschooler is eligible pursuant to Section 56441.11, develops an individualized education program, and determines that the early childhood special education services remain appropriate. No later than June 30 of that year, the individualized education program team shall meet to review the preschooler's progress and revise the individualized education program accordingly. The individualized education program team meeting shall be conducted by the local education agency responsible for the provision of preschool special education services. Representatives of the early childhood special education program shall be invited to that meeting. If a child's third birthday occurs during the summer, the child's individualized education program team shall determine the date when services under the individualized education program will begin, pursuant to paragraph (2) of subsection (c) of Section 300.121 of Title 34 of the Code of Federal Regulations.

SEC. 37. Section 56500.2 of the Education Code is repealed.

SEC. 38. Section 56500.2 is added to the Education Code, to read:

56500.2. A complaint filed with the department regarding any alleged violations of the Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.) or provision of this part shall be investigated in an expeditious and effective manner pursuant to Chapter 5.1 (commencing with Section 4600) of Title 5 of the California Code of Regulations and Sections 300.660 to 300.662, inclusive, of Title 34 of the Code of Federal Regulations.

SEC. 39. Section 56500.4 is added to the Education Code, to read:

56500.4. Pursuant to paragraphs (3) and (4) of subsection (b) of Section 1415 of Title 20 of the United States Code, and in accordance with Section 300.503 of Title 34 of the Code of Federal Regulations, written prior notice shall be given by the public agency to the parents or guardians of an individual with exceptional needs, or to the parents or guardians of a child upon initial referral for assessment, as the case may be.

SEC. 40. Section 56500.5 is added to the Education Code, to read:

56500.5. As provided in clause (iii) of paragraph (3) of subsection (a) of Section 300.122 of Title 34 of the Code of Federal Regulations, parents or guardians of an individual with exceptional needs shall be given reasonable written prior notice, in accordance with Section 56500.4, that their child will be graduating from high school with a regular high school diploma because graduation from high school with a regular diploma constitutes a change in placement.

SEC. 41. Section 56501 of the Education Code is amended to read:

56501. (a) The due process hearing procedures prescribed by this chapter extend to the parent or guardian, as defined in Section 56028, a pupil who has been emancipated, and a pupil who is a ward or dependent of the court or for whom no parent or guardian can be identified or located when the hearing officer determines that either the local educational agency has failed to appoint a surrogate parent as required by Section 7579.5 of the Government Code or the surrogate parent appointed by the local educational agency does not meet the criteria set forth in subdivision (f) of Section 7579.5 of the Government Code, and the public education agency involved in any decisions regarding a pupil. The appointment of a surrogate parent after a hearing has been requested by the pupil shall not be cause for dismissal of the hearing request. The parent or guardian and the public education agency involved may initiate the due process hearing procedures prescribed by this chapter under any of the following circumstances:

(1) There is a proposal to initiate or change the identification, assessment, or educational placement of the child or the provision of a free, appropriate public education to the child.

(2) There is a refusal to initiate or change the identification, assessment, or educational placement of the child or the provision of a free, appropriate public education to the child.

(3) The parent or guardian refuses to consent to an assessment of the child.

(4) There is a disagreement between a parent or guardian and a district, special education local plan area, or county office regarding the availability of a program appropriate for the child, including the question of financial responsibility, as specified in subsection (b) of Section 300.403 of Title 34 of the Code of Federal Regulations.

(b) The due process hearing rights prescribed by this chapter include, but are not limited to, all the following:

(1) The right to a mediation conference pursuant to Section 56500.3.

(2) The right to request a mediation conference at any point during the hearing process. The mediation process is not to be used to deny or delay a parent's or guardian's right to a due process hearing, or to deny any other rights afforded under this part, or under the Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.).

Notwithstanding subdivision (a) of Section 56500.3, attorneys and advocates are permitted to participate in mediation conferences scheduled after the filing of a request for due process hearing.

(3) The right to examine pupil records pursuant to Section 56504. This provision shall not be construed to abrogate the rights prescribed by Chapter 6.5 (commencing with Section 49060) of Part 27.

(4) The right to a fair and impartial administrative hearing at the state level, before a person knowledgeable in the laws governing special education and administrative hearings, under contract with the department, pursuant to Section 56505.

(c) In addition to the rights prescribed by subdivision (b), the parent or guardian has the following rights:

(1) The right to have the pupil who is the subject of the state hearing present at the hearing.

(2) The right to open the state hearing to the public.

SEC. 42. Section 56502 of the Education Code is amended to read: 56502. (a) All requests for a due process hearing shall be filed with the superintendent.

(b) The superintendent shall develop a model form to assist parents and guardians in filing a request for due process that is in accordance with paragraph (3) of subsection (c) of Section 300.507 of Title 34 of the Code of Federal Regulations.

(c) The party initiating a due process hearing by filing a written request with the superintendent shall provide the other party to the hearing with a copy of the request at the same time as the request is filed with the superintendent.

(d) The superintendent shall take steps to ensure that within 45 days after receipt of the written hearing request the hearing is immediately commenced and completed, including, any mediation requested at any point during the hearing process pursuant to paragraph (2) of subdivision (b) of Section 56501, and a final administrative decision is rendered, unless a continuance has been granted pursuant to Section 56505.

(e) Notwithstanding any procedure set forth in this chapter, a public education agency and a parent or guardian may, if the party initiating the hearing so chooses, meet informally to resolve any issue or issues relating to the identification, assessment, or education and placement of the child, or the provision of a free, appropriate public education to the child, to the satisfaction of both parties prior to the hearing. The informal meeting shall be conducted by the district superintendent, county superintendent, or director of the public education agency or his or her designee. Any designee appointed pursuant to this subdivision shall have the authority to resolve the issue or issues.

(f) Upon receipt by the superintendent of a written request by the parent or guardian or public education agency, the superintendent or his

or her designee or designees shall immediately notify, in writing, all parties of the request for the hearing and the scheduled date for the hearing. The notice shall advise all parties of all their rights relating to procedural safeguards. The superintendent or his or her designee shall provide both parties with a list of persons and organizations within the geographical area that can provide free or reduced cost representation or other assistance in preparing for the due process hearing. This list shall include a brief description of the requirement to qualify for the services. The superintendent or his or her designee shall have complete discretion in determining which individuals or groups shall be included on the list.

SEC. 43. Section 56504.5 of the Education Code is amended to read:

56504.5. The department shall contract with a single, nonprofit organization or entity to conduct mediation conferences and due process hearings in accordance with Section 300.506 of Title 34 of the Code of Federal Regulations.

SEC. 44. Section 56505 of the Education Code is amended to read:

56505. (a) The state hearing shall be conducted in accordance with regulations adopted by the board.

(b) The hearing shall be held at a time and place reasonably convenient to the parent or guardian and the pupil.

(c) The hearing shall be conducted by a person knowledgeable in the laws governing special education and administrative hearings pursuant to Section 56504.5. The hearing officer shall encourage the parties to a hearing to consider the option of mediation as an alternative to a hearing.

(d) Pursuant to subsection (a) of Section 300.514 of Title 34 of the Code of Federal Regulations, during the pendency of the hearing proceedings, including the actual state level hearing, or judicial proceeding regarding a due process hearing, the pupil shall remain in his or her present placement, except as provided in Section 300.526 of Title 34 of the Code of Federal Regulations, unless the public agency and the parent or guardian agree otherwise. A pupil applying for initial admission to a public school shall, with the consent of his or her parent or guardian, be placed in the public school program until all proceedings have been completed. As provided in subsection (c) of Section 300.514 of Title 34 of the Code of Federal Regulations, if the decision of a hearing officer in a due process hearing or a state review official in an administrative appeal agrees with the pupil's parent or guardian that a change of placement is appropriate, that placement must be treated as an agreement between the state or local agency and the parent or guardian.

(e) Any party to the hearing held pursuant to this section shall be afforded the following rights consistent with state and federal statutes and regulations:

(1) The right to be accompanied and advised by counsel and by individuals with special knowledge or training relating to the problems of individuals with exceptional needs.

(2) The right to present evidence, written arguments, and oral arguments.

(3) The right to confront, cross-examine, and compel the attendance of witnesses.

(4) The right to a written, or, at the option of the parents or guardians, electronic verbatim record of the hearing.

(5) The right to written, or, at the option of the parent or guardian, electronic findings of fact and decisions. The record of the hearing and the findings of fact and decisions shall be provided at no cost to parents or guardians in accordance with paragraph (2) of subsection (c) of Section 300.509 of Title 34 of the Code of Federal Regulations. The findings and decisions shall be made available to the public after any personally identifiable information has been deleted consistent with the confidentiality requirements of subsection (c) of Section 1417 of Title 20 of the United States Code and shall also be transmitted to the Advisory Commission on Special Education pursuant to paragraph (4) of subsection (h) of Section 1415 of Title 20 of the United States Code.

(6) The right to be informed by the other parties to the hearing, at least 10 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. Upon the request of a parent who is not represented by an attorney, the agency responsible for conducting hearings shall provide a mediator to assist the parent in identifying the issues and the proposed resolution of the issues.

(7) The right to receive from other parties to the hearing, at least five business days prior to the hearing, a copy of all documents and a list of all witnesses and their general area of testimony that the parties intend to present at the hearing. Included in the material to be disclosed to all parties at least five business days prior to a hearing shall be all assessments completed by that date and recommendations based on the assessments that the parties intend to use at the hearing.

(8) The right, pursuant to paragraph (3) of subsection (a) of Section 300.509 of Title 34 of the Code of Federal Regulations, to prohibit the introduction of any evidence at the hearing that has not been disclosed to that party at least five business days before the hearing.

(f) The hearing conducted pursuant to this section shall be completed and a written, reasoned decision mailed to all parties to the hearing within 45 days from the receipt by the superintendent of the request for a hearing. Either party to the hearing may request the hearing officer to grant an extension. The extension shall be granted upon a showing of good cause. Any extension shall extend the time for rendering a final

administrative decision for a period only equal to the length of the extension.

(g) The hearing conducted pursuant to this section shall be the final administrative determination and binding on all parties.

(h) In decisions relating to the placement of individuals with exceptional needs, the person conducting the state hearing shall consider cost, in addition to all other factors that are considered.

(i) Nothing in this chapter shall preclude a party aggrieved by the findings and decisions in a hearing under this section from exercising the right to appeal the decision to a state court of competent jurisdiction. An aggrieved party may also exercise the right to bring a civil action in a district court of the United States without regard to the amount in controversy, pursuant to Section 300.512 of the Code of Federal Regulations. An appeal shall be made within 90 days of receipt of the hearing decision. During the pendency of any administrative or judicial proceeding conducted pursuant to Chapter 5 (commencing with Section 56500), unless the public education agency and the parents of the child agree otherwise, the child involved in the hearing shall remain in his or her present educational placement. Any action brought under this subdivision shall adhere to the provisions of subsection (b) of Section 300.512 of Title 34 of the Code of Federal Regulations.

(j) Any request for a due process hearing arising under 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 the facts underlying the basis for the request.

SEC. 45. Section 56505.1 of the Education Code is amended to read:

56505.1. The hearing officer may do any of the following during the hearing:

(a) Question a witness on the record prior to any of the parties doing so.

(b) With the consent of both parties to the hearing, request that conflicting experts discuss an issue or issues with each other while on the record.

(c) Visit the proposed placement site or sites when the physical attributes of the site or sites are at issue.

(d) Call a witness to testify at the hearing if all parties to the hearing consent to the witness giving testimony or the hearing is continued for at least five days after the witness is identified and before the witness testifies.

(e) Order that an impartial assessment of the pupil be conducted for purposes of the hearing and continue the hearing until the assessment has been completed. The cost of any assessment ordered under this

subdivision shall be included in the contract between the department and the organization or entity conducting the hearing.

(f) Bar introduction of any documents or the testimony of any witnesses not disclosed to the hearing officer at least five business days prior to the hearing and bar introduction of any documents or the testimony of any witnesses at the hearing without the consent of the other party not disclosed to the parties at least five business days prior to the hearing pursuant to paragraph (7) of subdivision (e) of Section 56505.

(g) In decisions relating to the provision of related services by other public agencies, the hearing officer may call as witnesses independent medical specialists qualified to present evidence in the area of the pupil's medical disability. The cost for any witness called to testify under this subdivision shall be included in the contract between the department and the organization or entity conducting the hearing.

SEC. 46. Section 56600 of the Education Code is amended to read: 56600. It is the intent of the Legislature to provide for ongoing comprehensive evaluation of special education programs authorized by this part and to support the purposes of the Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.), pursuant to subsection (d) of Section 1400 of Title 20 of the United States Code.

SEC. 47. Section 56600.5 of the Education Code is repealed.

SEC. 48. Section 56600.6 is added to the Education Code, to read: 56600.6. The superintendent shall ensure that pupil and program performance results are monitored at the state and local levels in order to comply with paragraph (16) of subsection (a) of Section 1412 of Title 20 of the United States Code by evaluating pupil performance against key performance indicators. As necessary, other data may be collected to support the state's participation in national studies and evaluations described in subsection (a) of Section 1474 of Title 20 of the United States Code.

SEC. 49. Section 56601.5 is added to the Education Code, to read: 56601.5. Pursuant to paragraph (6) of subsection (a) of Section 1413 of Title 20 of the United States Code and Sections 300.138, 300.139, and 300.240 of Title 34 of the Code of Federal Regulations, each special education local plan area shall annually report to the superintendent the number of pupils receiving special education services participating in the regular school and district assessments and the number participating in an alternate assessment process.

SEC. 50. Section 56602 of the Education Code is repealed.

SEC. 51. Section 56602 is added to the Education Code, to read: 56602. Pursuant to subparagraph (C) of paragraph (16) of subsection (a) of Section 1412 of Title 20 of the United States Code and Section 80.40 of Title 34 of the Code of Federal Regulations, the superintendent shall submit to the board, the Legislature, and the



Governor, a biennial performance report of the special education programs implemented under this part.

SEC. 52. Section 56603 of the Education Code is repealed.

SEC. 53. Section 60640 of the Education Code is amended to read:

60640. (a) There is hereby established the Standardized Testing and Reporting Program, to be known as the STAR Program.

(b) Commencing in the 1997–98 fiscal year and each fiscal year thereafter, and from the funds available for that purpose, each school district, charter school, and county office of education shall administer to each of its pupils in grades 2 to 11, inclusive, the achievement test designated by the State Board of Education pursuant to Section 60642 and the standards-based achievement test provided for in Section 60642.5. The State Board of Education shall establish a testing period to provide that all schools administer these tests to pupils at approximately the same time during the instructional year, except as necessary to ensure test security and to meet the final filing date.

(c) The publisher and the school district shall provide two makeup days for the testing of previously absent pupils within the testing period established by the State Board of Education in subdivision (b).

(d) The governing board of the school district may administer achievement tests in kindergarten and grade 1 or 12, or both, as it deems appropriate.

(e) Pursuant to paragraph (17) of subsection (a) of Section 1412 of Title 20 of the United States Code, individuals with exceptional needs, as defined in Section 56026, shall be included in the testing requirement of subdivision (b) with appropriate accommodations in administration, where necessary, and those individuals with exceptional needs who are unable to participate in the testing, even with accommodations, will be given an alternate assessment.

(f) At the school district's option, pupils of limited English proficiency who are enrolled in any of grades 2 to 11, inclusive, may take a second achievement test in their primary language. Primary language tests administered pursuant to this subdivision and subdivision (g) shall be subject to the requirements of subdivision (a) of Section 60641. These primary language tests shall produce individual pupil scores that are valid and reliable. Notwithstanding any other provision of law, the State Board of Education shall designate for use, as part of this program, a single primary language test in each language for which a test is available for grades 2 to 11, inclusive, no later than November 14, 1998, pursuant to the process used for designation of the assessment chosen in the 1997–98 fiscal year, as specified in Sections 60642 and 60643, as applicable.

(g) Pupils of limited English proficiency who are enrolled in any of grades 2 to 11, inclusive, shall be required to take a test in their primary



language if a test is available, if fewer than 12 months have elapsed after their initial enrollment in any public school in the state.

(h) (1) The Superintendent of Public Instruction shall apportion funds to school districts to enable school districts to meet the requirements of subdivisions (b), (f), and (g).

(2) The State Board of Education shall annually establish the amount of funding to be apportioned to school districts for each test administered and shall annually establish the amount that each publisher shall be paid for each test administered under the agreements required pursuant to Section 60643. The amounts to be paid to the publishers shall be determined by considering the cost estimates submitted by each publisher each September and the amount included in the Budget Act and by making allowance for the estimated costs to school districts for compliance with the requirements of subdivisions (b), (f), and (g).

(3) An adjustment to the amount of funding to be apportioned per test may not be valid without the approval of the Director of Finance. A request for approval of an adjustment to the amount of funding to be apportioned per test shall be submitted in writing to the Director of Finance and the chairpersons of the fiscal committees of both houses of the Legislature with accompanying material justifying the proposed adjustment. The Director of Finance is authorized to approve only those adjustments related to activities required by statute. The Director of Finance shall approve or disapprove the amount within 30 days of receipt of the request and shall notify the chairpersons of the fiscal committees of both houses of the Legislature of the decision.

(i) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation for the apportionments made pursuant to paragraph (1) of subdivision (h), and the payments made to the publishers under the contracts required pursuant to Section 60643 or subparagraph (C) of paragraph (1) of subdivision (a) of Section 60605 between the State Department of Education and the contractor, shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the applicable 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 of the Education Code, for that fiscal year.

(j) As a condition to receiving an apportionment pursuant to subdivision (h), a school district shall report to the superintendent all of the following:

(1) The number of pupils enrolled in the school district in grades 2 to 11, inclusive.

(2) The number of pupils to whom an achievement test was administered in grades 2 to 11, inclusive, in the school district.

(3) The number of pupils in paragraph (1) who were exempted from the test at the request of their parents or guardians.

SEC. 54. Section 7579.5 of the Government Code is amended to read:

7579.5. (a) A surrogate parent shall not be appointed for a child who is a dependent or ward of the court unless the court specifically limits the right of the parent or guardian to make educational decisions for the child. A surrogate parent shall not be appointed for a child who has reached the age of majority unless the child has been declared incompetent by a court of law.

(b) A local educational agency shall appoint a surrogate parent for a child under one or more of the following circumstances:

(1) The child is adjudicated a dependent or ward of the court pursuant to Section 300, 601, or 602 of the Welfare and Institutions Code upon referral of the child to a local educational agency for special education and related services, or in cases where the child already has a valid individualized education program.

(2) No parent for the child can be identified.

(3) The local educational agency, after reasonable efforts, cannot discover the location of a parent.

(c) When appointing a surrogate parent, the local educational agency shall, as a first preference, select a relative caretaker, foster parent, or court-appointed special advocate, if any of these individuals exist and is willing and able to serve. If none of these individuals is willing or able to act as a surrogate parent, the local educational agency shall select the surrogate parent of its choice. If the child is moved from the home of the relative caretaker or foster parent who has been appointed as a surrogate parent, the local educational agency shall appoint another surrogate parent. The local educational agency shall ensure that a person selected as a surrogate parent has knowledge and skills that ensure adequate representation of the child as specified in clause (iii) of paragraph (2) of subsection (c) of Section 300.515 of Title 34 of the Code of Federal Regulations.

(d) For the purposes of this section, the surrogate parent shall serve as the child's parent and shall have the rights relative to the child's education that a parent has under Title 20 (commencing with Section 1400) of the United States Code and pursuant to Part 300 of Title 34 (commencing with Section 300.1) of the Code of Federal Regulations. The surrogate parent may represent the child in matters relating to identification, assessment, instructional planning and development, educational placement, reviewing and revising the individualized education program, and in all other matters relating to the provision of

a free appropriate public education of the child. Notwithstanding any other provision of law, this representation shall include the provision of written consent to the individualized education program including nonemergency medical services, mental health treatment services, and occupational or physical therapy services pursuant to this chapter. The surrogate parent may sign any consent relating to individualized education program purposes.

(e) As far as practical, a surrogate parent should be culturally sensitive to his or her assigned child.

(f) Individuals who would have a conflict of interest in representing the child, as specified under federal regulations, shall not be appointed as a surrogate parent. "An individual who would have a conflict of interest," for purposes of this section, means a person having any interests that might restrict or bias his or her ability to advocate for all of the services required to ensure a free appropriate public education for an individual with exceptional needs, as defined in Section 56026 of the Education Code.

(g) Except for individuals who have a conflict of interest in representing the child, and notwithstanding any other law or regulation, individuals who may serve as surrogate parents include, but are not limited to, foster care providers, retired teachers, social workers, and probation officers who are not employees of a public agency involved in the education or care of the child. The surrogate parent shall not be an employee of a public or private agency that is involved in the education or care of the child in accordance with paragraph (3) of subsection (c) and subsection (d) of Section 300.515 of Title 34 of the Code of Federal Regulations. If a conflict of interest arises subsequent to the appointment of the surrogate parent, the local educational agency shall terminate the appointment and appoint another surrogate parent.

(h) The surrogate parent and the local educational agency appointing the surrogate parent shall be held harmless by the State of California when acting in their official capacity except for acts or omissions that are found to have been wanton, reckless, or malicious.

(i) Nothing in this section shall be interpreted to prevent a parent or guardian of an individual with exceptional needs from designating another adult individual to represent the interests of the child for educational and related services.

(j) If funding for implementation of this section is provided, it may only be provided from Item 6110-161-890 of the annual Budget Act.

SEC. 55. 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.

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CHAPTER 493

An act to amend Section 56381 of the Government Code, relating to local agency formation commissions.

[Approved by Governor September 12, 2002. Filed with Secretary of State September 12, 2002.]

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

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

(1) Health care districts operating hospitals throughout California are under severe financial assault.

(2) District hospitals provide a substantial proportion of health care services to low-income residents of the state, to minority populations, and to the uninsured. District hospitals serve a disproportionately large number of Medicare and Medi-Cal beneficiaries, as compared to nonpublic hospitals.

(3) Health care districts constitute the single largest provider of basic and emergency health services in rural California. In some communities, health care districts are the only providers of health care services.

(4) Health care districts operate 35 of California's 71 rural hospitals. In addition, districts operate some 15 health care clinics and skilled nursing facilities. Health care district facilities provide inpatient care to more than 200,000 Californians and support more than 1,800,000 outpatient visits annually.

(5) Reimbursement for health care services from Medi-Cal, Medicare, and health maintenance organizations currently covers less than one-half of the actual cost of hospital services and these reimbursements are declining.

(6) The cost of recruiting and retaining health care workers, especially nursing staff, has increased sharply in recent years.

(7) The average district hospital in California operates with a net annual operating deficit of one million five hundred thousand dollars (\$1,500,000).

(8) As a group, California's district hospitals lost a total in excess of seventy million dollars (\$70,000,000) on operations in the 2000-01 fiscal year. In the past five years, five district hospitals have been forced to declare bankruptcy, and one has closed permanently.

(9) Recently imposed government mandates including, but not limited to, seismic safety, data reporting, Local Agency Formation Commission (LAFCO) assessments, and the federal Health Insurance Portability and Accountability Act of 1996 have put major financial strains on district hospitals. More of these facilities may soon be forced into bankruptcy and closure.

(b) It is the intent of the Legislature to enact legislation that would more fairly allocate the cost of operating LAFCOs to be borne by health care districts, which are seldom involved in changes of organization, or other activities which require action or oversight by LAFCOs.

SEC. 2. Section 56381 of the Government Code is amended to read:

56381. (a) The commission shall adopt annually, following noticed public hearings, a proposed budget by May 1 and final budget by June 15. At a minimum, the proposed and final budget shall be equal to the budget adopted for the previous fiscal year unless the commission finds that reduced staffing or program costs will nevertheless allow the commission to fulfill the purposes and programs of this chapter. The commission shall transmit its proposed and final budgets to the board of supervisors; to each city; to the clerk and chair of the city selection committee, if any, established in each county pursuant to Article 11 (commencing with Section 50270) of Chapter 1 of Part 1 of Division 1; to each independent special district; and to the clerk and chair of the independent special district selection committee, if any, established pursuant to Section 56332.

(b) After public hearings, consideration of comments, and adoption of a final budget by the commission pursuant to subdivision (a), the auditor shall apportion the net operating expenses of a commission in the following manner:

(1) (A) In counties in which there is city and independent special district representation on the commission, the county, cities, and independent special districts shall each provide a one-third share of the commission's operational costs.

(B) The cities' share shall be apportioned in proportion to each city's total revenues, as reported in the most recent edition of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within a county, or by an alternative method approved by a majority of cities representing a majority of the combined cities' populations.

(C) The independent special districts' share shall be apportioned in proportion to each district's total revenues as a percentage of the combined total district revenues within a county. Except as provided in subparagraph (D), an independent special district's total revenue shall be calculated for nonenterprise activities as total revenues for general purpose transactions less revenue category aid from other governmental

agencies and for enterprise activities as total operating and nonoperating revenues less revenue category other governmental agencies, as reported in the most recent edition of the "Special Districts Annual Report" published by the Controller. It is the intent of the Legislature that no single district or class or type of district shall bear a disproportionate amount of the independent special district share of costs. For the purposes of fulfilling the requirement of this section, a multicounty independent special district shall be required to pay its apportionment in its principal county.

(D) (i) For purposes of apportioning costs to a health care district formed pursuant to Division 23 (commencing with Section 32000) of the Health and Safety Code that operates a hospital, a health care district's share, except as provided in clauses (ii) and (iii), shall be apportioned in proportion to each district's net revenue from operations as reported in the most recent edition of the hospital financial disclosure report form published by the Office of Statewide Health Planning and Development, as a percentage of the combined independent special districts net operating revenues within a county.

(ii) A health care district for which net revenue from operations is a negative number may not be apportioned any share of the commission's operational costs until the fiscal year following positive net revenue from operations, as reported in the most recent edition of the hospital financial disclosure report form published by the Office of Statewide Health Planning and Development.

(iii) A health care district that has filed and is operating under public entity bankruptcy pursuant to federal bankruptcy law, shall not be apportioned any share of the commission's operational costs until the fiscal year following its discharge from bankruptcy.

(E) Notwithstanding the requirements of subparagraph (C), the independent special districts' share may be apportioned by an alternative method approved by a majority of the districts, representing a majority of the combined populations. However, in no event shall the independent special districts' share exceed the amount that would be calculated pursuant to subparagraphs (C) and (D).

(F) Notwithstanding the requirements of subparagraph (C), no independent special district shall be apportioned a share of more than 50 percent of the total independent special districts' share of the commission's operational costs. In those counties in which a district's share is limited to 50 percent of the total independent special districts' share of the commission's operational costs, the share of the remaining districts shall be increased on a proportional basis so that the total amount for all districts equals the share apportioned by the auditor to independent special districts.

(2) In counties in which there is no independent special district representation on the commission, the county and its cities shall each provide a one-half share of the commission's operational costs. The cities' share shall be apportioned in the manner described in paragraph (1).

(3) In counties in which there are no cities, the county and its special districts shall each provide a one-half share of the commission's operational costs. The independent special districts' share shall be apportioned in the manner described for cities' apportionment in paragraph (1). If there is no independent special district representation on the commission, the county shall pay all of the commission's operational costs.

(4) Instead of determining apportionment pursuant to paragraph (1), (2), or (3), any alternative method of apportionment of the net operating expenses of the commission may be used if approved by a majority vote of each of the following: the board of supervisors; a majority of the cities representing a majority of the total population of cities in the county; and the independent special districts representing a majority of the combined total population of independent special districts in the county.

(5) In no event shall the independent special districts' share exceed the amount that would be calculated pursuant to subparagraphs (C) and (D) of paragraph (1).

(c) After apportioning the costs as required in subdivision (b), the auditor shall request payment from the board of supervisors and from each city and each independent special district no later than July 1 of each year for the amount that entity owes and the actual administrative costs incurred by the auditor in apportioning costs and requesting payment from each entity. If the county, a city, or an independent special district does not remit its required payment within 60 days, the commission may determine an appropriate method of collecting the required payment, including a request to the auditor to collect an equivalent amount from the property tax, or any fee or eligible revenue owed to the county, city, or district. The auditor shall provide written notice to the county, city, or district prior to appropriating a share of the property tax or other revenue to the commission for the payment due the commission pursuant to this section. Any expenses incurred by the commission or the auditor in collecting late payments or successfully challenging nonpayment shall be added to the payment owed to the commission. Between the beginning of the fiscal year and the time the auditor receives payment from each affected city and district, the board of supervisors shall transmit funds to the commission sufficient to cover the first two months of the commission's operating expenses as specified by the commission. When the city and district payments are received by the commission, the county's portion of the commission's annual operating



expenses shall be credited with funds already received from the county. If, at the end of the fiscal year, the commission has funds in excess of what it needs, the commission may retain those funds and calculate them into the following fiscal year's budget. If, during the fiscal year, the commission is without adequate funds to operate, the board of supervisors may loan the commission funds and recover those funds in the commission's budget for the following fiscal year.

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## CHAPTER 494

An act to amend Section 50517.10 of the Health and Safety Code, relating to housing.

[Approved by Governor September 12, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 50517.10 of the Health and Safety Code is amended to read:

50517.10. In addition to the purposes specified in subdivision (a) of Section 50517.5, the department may make grants and loans under the Joe Serna, Jr. Farmworker Housing Grant Program to local public entities and nonprofit corporations in order to establish capitalized operating reserves for short-term occupancy housing for migrant farmworker households, purchase land for, and construct, housing structures for short-term occupancy by migrant farmworker households, lease or purchase existing structures for short-term occupancy by migrant farmworker households, and, where the department determines that extraordinary or emergency circumstances exist, directly rent or lease housing for short-term occupancy by migrant farmworker households.

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## CHAPTER 495

An act to amend Section 8483 of the Education Code, relating to after school programs.

[Approved by Governor September 12, 2002. Filed with  
Secretary of State September 12, 2002.]



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

SECTION 1. Section 8483 of the Education Code is amended to read:

8483. (a) (1) Every after school component of a program established pursuant to this article shall operate a minimum of three hours a day and shall operate at least until 6 p.m. on every regular schoolday. Every after school component of the program shall establish a policy regarding reasonable early daily release of pupils from the program. For those programs or schoolsites operating in a community where the early release policy does not meet the unique needs of that community or school, or both, documented evidence may be submitted to the State Department of Education for an exception and a request for approval of an alternative plan.

(2) It is the intent of the Legislature that elementary school pupils participate in the full day of the program every day during which pupils participate and that pupils in middle school or junior high school attend a minimum of nine hours a week and three days a week to accomplish programs goals.

(3) In order to develop an age-appropriate after school program for pupils in middle school or junior high school, programs established pursuant to this article may implement a flexible attendance schedule for those pupils. Priority for enrollment of pupils in middle school or junior high school shall be given to pupils who attend daily.

(b) The administrators of a program established pursuant to this article shall have the option of operating during any combination of summer, intersession, or vacation periods for a minimum of three hours per day at the approved rate for the regular school year pursuant to Section 8483.7.

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CHAPTER 496

An act to amend Section 11010 of the Business and Professions Code, and to amend Sections 1102.6, 1103.4, and 1353 of the Civil Code, relating to aviation.

[Approved by Governor September 12, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. The Legislature finds and declares that the current mechanisms for providing notice to homebuyers of potential airport

impact are inadequate, as evidenced by the number of complaints and lawsuits regarding airport noise by residents of surrounding communities.

SEC. 2. Section 11010 of the Business and Professions Code is amended to read:

11010. (a) Except as otherwise provided pursuant to subdivision (c) or elsewhere in this chapter, any person who intends to offer subdivided lands within this state for sale or lease shall file with the Department of Real Estate an application for a public report consisting of a notice of intention and a completed questionnaire on a form prepared by the department.

(b) The notice of intention shall contain the following information about the subdivided lands and the proposed offering:

- (1) The name and address of the owner.
- (2) The name and address of the subdivider.
- (3) The legal description and area of lands.
- (4) A true statement of the condition of the title to the land, particularly including all encumbrances thereon.
- (5) A true statement of the terms and conditions on which it is intended to dispose of the land, together with copies of any contracts intended to be used.
- (6) A true statement of the provisions, if any, that have been made for public utilities in the proposed subdivision, including water, electricity, gas, telephone, and sewerage facilities. For subdivided lands that were subject to the imposition of a condition pursuant to subdivision (b) of Section 66473.7 of the Government Code, the true statement of the provisions made for water shall be satisfied by submitting a copy of the written verification of the available water supply obtained pursuant to Section 66473.7 of the Government Code.
- (7) A true statement of the use or uses for which the proposed subdivision will be offered.
- (8) A true statement of the provisions, if any, limiting the use or occupancy of the parcels in the subdivision.
- (9) A true statement of the amount of indebtedness that is a lien upon the subdivision or any part thereof, and that was incurred to pay for the construction of any onsite or offsite improvement, or any community or recreational facility.
- (10) A true statement or reasonable estimate, if applicable, of the amount of any indebtedness which has been or is proposed to be incurred by an existing or proposed special district, entity, taxing area, assessment district, or community facilities district within the boundaries of which, the subdivision, or any part thereof, is located, and that is to pay for the construction or installation of any improvement or to furnish community or recreational facilities to that subdivision, and

which amounts are to be obtained by ad valorem tax or assessment, or by a special assessment or tax upon the subdivision, or any part thereof.

(11) (A) As to each school district serving the subdivision, a statement from the appropriate district that indicates the location of each high school, junior high school, and elementary school serving the subdivision, or documentation that a statement to that effect has been requested from the appropriate school district.

(B) In the event that, as of the date the notice of intention and application for issuance of a public report are otherwise deemed to be qualitatively and substantially complete pursuant to Section 11010.2, the statement described in subparagraph (A) has not been provided by any school district serving the subdivision, the person who filed the notice of intention and application for issuance of a public report shall immediately provide the department with the name, address, and telephone number of that district.

(12) (A) The location of all existing airports, and of all proposed airports shown on the general plan of any city or county, located within two statute miles of the subdivision. If the property is located within an airport influence area, the following statement shall be included in the notice of intention:

#### NOTICE OF AIRPORT IN VICINITY

This property is presently located in the vicinity of an airport, within what is known as an airport influence area. For that reason, the property may be subject to some of the annoyances or inconveniences associated with proximity to airport operations (for example: noise, vibration, or odors). Individual sensitivities to those annoyances can vary from person to person. You may wish to consider what airport annoyances, if any, are associated with the property before you complete your purchase and determine whether they are acceptable to you.

(B) For purposes of this section, an “airport influence area,” also known as an “airport referral area,” is the area in which current or future airport-related noise, overflight, safety, or airspace protection factors may significantly affect land uses or necessitate restrictions on those uses as determined by an airport land use commission.

(13) A true statement, if applicable, referencing any soils or geologic report or soils and geologic reports that have been prepared specifically for the subdivision.

(14) A true statement of whether or not fill is used, or is proposed to be used in the subdivision and a statement giving the name and the

location of the public agency where information concerning soil conditions in the subdivision is available.

(15) Any other information that the owner, his or her agent, or the subdivider may desire to present.

(c) The commissioner may, by regulation, or on the basis of the particular circumstances of a proposed offering, waive the requirement of the submission of a completed questionnaire if the commissioner determines that prospective purchasers or lessees of the subdivision interests to be offered will be adequately protected through the issuance of a public report based solely upon information contained in the notice of intention.

SEC. 3. Section 1102.6 of the Civil Code is amended to read:

1102.6. The disclosures required by this article pertaining to the property proposed to be transferred are set forth in, and shall be made on a copy of, the following disclosure form:

REAL ESTATE TRANSFER DISCLOSURE STATEMENT

THIS DISCLOSURE STATEMENT CONCERNS THE REAL PROPERTY SITUATED IN THE CITY OF \_\_\_\_\_, COUNTY OF \_\_\_\_\_, STATE OF CALIFORNIA, DESCRIBED AS \_\_\_\_\_.

THIS STATEMENT IS A DISCLOSURE OF THE CONDITION OF THE ABOVE DESCRIBED PROPERTY IN COMPLIANCE WITH SECTION 1102 OF THE CIVIL CODE AS OF \_\_\_\_\_, 20 \_\_\_\_\_. IT IS NOT A WARRANTY OF ANY KIND BY THE SELLER(S) OR ANY AGENT(S) REPRESENTING ANY PRINCIPAL(S) IN THIS TRANSACTION, AND IS NOT A SUBSTITUTE FOR ANY INSPECTIONS OR WARRANTIES THE PRINCIPAL(S) MAY WISH TO OBTAIN.

I

COORDINATION WITH OTHER DISCLOSURE FORMS

This Real Estate Transfer Disclosure Statement is made pursuant to Section 1102 of the Civil Code. Other statutes require disclosures, depending upon the details of the particular real estate transaction (for example: special study zone and purchase-money liens on residential property).

Substituted Disclosures: The following disclosures and other disclosures required by law, including the Natural Hazard Disclosure Report/Statement that may include airport annoyances, earthquake, fire, flood, or special assessment information, have or will be made in connection with this real estate transfer, and are intended to satisfy the disclosure obligations on this form, where the subject matter is the same:

- Inspection reports completed pursuant to the contract of sale or receipt for deposit.
- Additional inspection reports or disclosures:

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II

SELLER'S INFORMATION

The Seller discloses the following information with the knowledge that even though this is not a warranty, prospective Buyers may rely on this information in deciding whether and on what terms to purchase the subject property. Seller hereby authorizes any agent(s) representing any principal(s) in this transaction to provide a copy of this statement to any person or entity in connection with any actual or anticipated sale of the property.

THE FOLLOWING ARE REPRESENTATIONS MADE BY THE SELLER(S) AND ARE NOT THE REPRESENTATIONS OF THE AGENT(S), IF ANY. THIS INFORMATION IS A DISCLOSURE AND IS NOT INTENDED TO BE PART OF ANY CONTRACT BETWEEN THE BUYER AND SELLER:

Seller \_\_\_ is \_\_\_ is not occupying the property.

A. The subject property has the items checked below (read across):

- |  |   |   |
|--|---|---|
| <input type="checkbox"/> Range                   | <input type="checkbox"/> Oven   | <input type="checkbox"/> Microwave                                    |
| <input type="checkbox"/> Dishwasher              | <input type="checkbox"/> Trash Compactor                              | <input type="checkbox"/> Garbage Disposal                             |
| <input type="checkbox"/> Washer/Dryer Hookups    | <input type="checkbox"/> Smoke Detector(s)                            | <input type="checkbox"/> Rain Gutters                                 |
| <input type="checkbox"/> Burglar Alarms          | <input type="checkbox"/> Satellite Dish                               | <input type="checkbox"/> Fire Alarm                                   |
| <input type="checkbox"/> TV Antenna              | <input type="checkbox"/> Central Air Cndtng.                          | <input type="checkbox"/> Intercom                                     |
| <input type="checkbox"/> Central Heating         | <input type="checkbox"/> Sprinklers                                   | <input type="checkbox"/> Evaporator Cooler(s)                         |
| <input type="checkbox"/> Wall/Window Air Cndtng. | <input type="checkbox"/> Sump Pump                                    | <input type="checkbox"/> Public Sewer System                          |
| <input type="checkbox"/> Septic Tank             | <input type="checkbox"/> Built-in Barbecue                            | <input type="checkbox"/> Water Softener                               |
| <input type="checkbox"/> Patio/Decking           |   | <input type="checkbox"/> Gazebo                                       |
| <input type="checkbox"/> Sauna                   |   |   |
| <input type="checkbox"/> Hot Tub                 | <input type="checkbox"/> Pool   | <input type="checkbox"/> Spa  |
| <input type="checkbox"/> Locking Safety Cover *  | <input type="checkbox"/> Child Resistant Barrier *                    | <input type="checkbox"/> Locking Safety Cover *                       |
| <input type="checkbox"/> Security Gate(s)        | <input type="checkbox"/> Automatic Garage Door Opener(s) *            | <input type="checkbox"/> Number Remote Controls                       |
| Garage: <input type="checkbox"/> Attached        | <input type="checkbox"/> Not Attached                                 | <input type="checkbox"/> Carport                                      |
| Pool/Spa Heater: <input type="checkbox"/> Gas    | <input type="checkbox"/> Solar  | <input type="checkbox"/> Electric                                     |
| Water Heater: <input type="checkbox"/> Gas       | <input type="checkbox"/> Water Heater Anchored, Braced, or Strapped * | <input type="checkbox"/> Private Utility or Other _____               |
| Water Supply: <input type="checkbox"/> City      | <input type="checkbox"/> Well   |   |
| Gas Supply: <input type="checkbox"/> Utility     | <input type="checkbox"/> Bottled                                      |   |
| <input type="checkbox"/> Window Screens          | <input type="checkbox"/> Window Security Bars                         | <input type="checkbox"/> Quick-release Mechanism on Bedroom Windows * |

Exhaust Fan(s) in \_\_\_\_\_ 220 Volt Wiring in \_\_\_\_\_ Fireplace(s) in \_\_\_\_\_  
 Gas Starter \_\_\_\_\_ Roof(s): Type: \_\_\_\_\_ Age: \_\_\_\_\_ (approx.)  
 Other: \_\_\_\_\_

Are there, to the best of your (Seller's) knowledge, any of the above that are not in operating condition?  Yes  No. If yes, then describe.  
 (Attach additional sheets if necessary): \_\_\_\_\_

B. Are you (Seller) aware of any significant defects/malfunctions in any of the following?  Yes  No. If yes, check appropriate space(s) below.

- Interior Walls  Ceilings  Floors  Exterior Walls  Insulation  Roof(s)  
 Windows  Doors  Foundation  Slab(s)  Driveways  Sidewalks  
 Walls/Fences  Electrical Systems  Plumbing/Sewers/Septics  Other  
 Structural Components (Describe: \_\_\_\_\_)

If any of the above is checked, explain. (Attach additional sheets if necessary): \_\_\_\_\_

\* This garage door opener or child resistant pool barrier may not be in compliance with the safety standards relating to automatic reversing devices as set forth in Chapter 12.5 (commencing with Section 19890) of Part 3 of Division 13 of, or with the pool safety standards of Article 2.5 (commencing with Section 115920) of Chapter 5 of Part 10 of Division 104 of, the Health and Safety Code. The water heater may not be anchored, braced, or strapped in accordance with Section 19211 of the Health and Safety Code. Window security bars may not have quick-release mechanisms in compliance with the 1995 edition of the California Building Standards Code.

C. Are you (Seller) aware of any of the following:

- 1. Substances, materials, or products which may be an environmental hazard such as, but not limited to, asbestos, formaldehyde, radon gas, lead-based paint, mold, fuel or chemical storage tanks, and contaminated soil or water on the subject property .....  Yes  No
- 2. Features of the property shared in common with adjoining landowners, such as walls, fences, and drive-ways, whose use or responsibility for maintenance may have an effect on the subject property .....  Yes  No
- 3. Any encroachments, easements or similar matters that may affect your interest in the subject property .....  Yes  No
- 4. Room additions, structural modifications, or other alterations or repairs made without necessary permits .....  Yes  No
- 5. Room additions, structural modifications, or other alterations or repairs not in compliance with building codes .....  Yes  No
- 6. Fill (compacted or otherwise) on the property or any portion thereof .....  Yes  No
- 7. Any settling from any cause, or slippage, sliding, or other soil problems .....  Yes  No
- 8. Flooding, drainage or grading problems .....  Yes  No
- 9. Major damage to the property or any of the structures from fire, earthquake, floods, or landslides .....  Yes  No
- 10. Any zoning violations, nonconforming uses, violations of "setback" requirements .....  Yes  No
- 11. Neighborhood noise problems or other nuisances .....  Yes  No
- 12. CC&Rs or other deed restrictions or obligations .....  Yes  No
- 13. Homeowners' Association which has any authority over the subject property .....  Yes  No
- 14. Any "common area" (facilities such as pools, tennis courts, walkways, or other areas co-owned in undivided interest with others) .....  Yes  No
- 15. Any notices of abatement or citations against the property .....  Yes  No
- 16. Any lawsuits by or against the Seller threatening to or affecting this real property, including any lawsuits alleging a defect or deficiency in this real property or "common areas" (facilities such as pools, tennis courts, walkways, or other areas co-owned in undivided interest with others) .....  Yes  No

If the answer to any of these is yes, explain. (Attach additional sheets if necessary.): \_\_\_\_\_

\_\_\_\_\_

Seller certifies that the information herein is true and correct to the best of the Seller's knowledge as of the date signed by the Seller.

Seller \_\_\_\_\_ Date \_\_\_\_\_  
Seller \_\_\_\_\_ Date \_\_\_\_\_

III

AGENT'S INSPECTION DISCLOSURE

(To be completed only if the Seller is represented by an agent in this transaction.)

THE UNDERSIGNED, BASED ON THE ABOVE INQUIRY OF THE SELLER(S) AS TO THE CONDITION OF THE PROPERTY AND BASED ON A REASONABLY COMPETENT AND DILIGENT VISUAL INSPECTION OF THE ACCESSIBLE AREAS OF THE PROPERTY IN CONJUNCTION WITH THAT INQUIRY, STATES THE FOLLOWING:

- Agent notes no items for disclosure.
- Agent notes the following items:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Agent (Broker  
Representing Seller) \_\_\_\_\_ (Please Print) By \_\_\_\_\_ (Associate Licensee  
or Broker Signature) Date \_\_\_\_\_



IV

AGENT'S INSPECTION DISCLOSURE

(To be completed only if the agent who has obtained the offer is other than the agent above.)

THE UNDERSIGNED, BASED ON A REASONABLY COMPETENT AND DILIGENT VISUAL INSPECTION OF THE ACCESSIBLE AREAS OF THE PROPERTY, STATES THE FOLLOWING:

Agent notes no items for disclosure.

Agent notes the following items:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Agent (Broker Obtaining the Offer) \_\_\_\_\_ (Please Print) By \_\_\_\_\_ (Associate Licensee or Broker Signature) Date \_\_\_\_\_

V

BUYER(S) AND SELLER(S) MAY WISH TO OBTAIN PROFESSIONAL ADVICE AND/OR INSPECTIONS OF THE PROPERTY AND TO PROVIDE FOR APPROPRIATE PROVISIONS IN A CONTRACT BETWEEN BUYER AND SELLER(S) WITH RESPECT TO ANY ADVICE/INSPECTIONS/DEFECTS.

I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS STATEMENT.

Seller \_\_\_\_\_ Date \_\_\_\_\_ Buyer \_\_\_\_\_ Date \_\_\_\_\_  
Seller \_\_\_\_\_ Date \_\_\_\_\_ Buyer \_\_\_\_\_ Date \_\_\_\_\_

Agent (Broker Representing Seller) \_\_\_\_\_ (Please Print) By \_\_\_\_\_ (Associate Licensee or Broker Signature) Date \_\_\_\_\_

Agent (Broker Obtaining the Offer) \_\_\_\_\_ (Please Print) By \_\_\_\_\_ (Associate Licensee or Broker Signature) Date \_\_\_\_\_

SECTION 1102.3 OF THE CIVIL CODE PROVIDES A BUYER WITH THE RIGHT TO RESCIND A PURCHASE CONTRACT FOR AT LEAST THREE DAYS AFTER THE DELIVERY OF THIS DISCLOSURE IF DELIVERY OCCURS AFTER THE SIGNING OF AN OFFER TO PURCHASE. IF YOU WISH TO RESCIND THE CONTRACT, YOU MUST ACT WITHIN THE PRESCRIBED PERIOD.

A REAL ESTATE BROKER IS QUALIFIED TO ADVISE ON REAL ESTATE. IF YOU DESIRE LEGAL ADVICE, CONSULT YOUR ATTORNEY.

SEC. 4. Section 1103.4 of the Civil Code is amended to read:

1103.4. (a) Neither the transferor nor any listing or selling agent shall be liable for any error, inaccuracy, or omission of any information delivered pursuant to this article if the error, inaccuracy, or omission was not within the personal knowledge of the transferor or the listing or selling agent, and was based on information timely provided by public agencies or by other persons providing information as specified in subdivision (c) that is required to be disclosed pursuant to this article, and ordinary care was exercised in obtaining and transmitting the information.

(b) The delivery of any information required to be disclosed by this article to a prospective transferee by a public agency or other person providing information required to be disclosed pursuant to this article shall be deemed to comply with the requirements of this article and shall relieve the transferor or any listing or selling agent of any further duty under this article with respect to that item of information.

(c) The delivery of a report or opinion prepared by a licensed engineer, land surveyor, geologist, or expert in natural hazard discovery dealing with matters within the scope of the professional's license or expertise, shall be sufficient compliance for application of the exemption provided by subdivision (a) if the information is provided to the prospective transferee pursuant to a request therefor, whether written or oral. In responding to that request, an expert may indicate, in writing, an understanding that the information provided will be used in fulfilling the requirements of Section 1103.2 and, if so, shall indicate the required disclosures, or parts thereof, to which the information being furnished is applicable. Where that statement is furnished, the expert shall not be responsible for any items of information, or parts thereof, other than those expressly set forth in the statement. In responding to the request, the expert shall determine whether the property is within an airport influence area as defined in subdivision (b) of Section 11010 of the Business and Professions Code. If the property is within an airport influence area, the report shall contain the following statement:

## NOTICE OF AIRPORT IN VICINITY

This property is presently located in the vicinity of an airport, within what is known as an airport influence area. For that reason, the property may be subject to some of the annoyances or inconveniences associated with proximity to airport operations (for example: noise, vibration, or odors). Individual sensitivities to those annoyances can vary from person to person. You may wish to consider what airport annoyances, if any, are associated with the property before you complete your purchase and determine whether they are acceptable to you.

SEC. 5. Section 1353 of the Civil Code is amended to read:

1353. (a) (1) A declaration, recorded on or after January 1, 1986, shall contain a legal description of the common interest development, and a statement that the common interest development is a community apartment project, condominium project, planned development, stock cooperative, or combination thereof. The declaration shall additionally set forth the name of the association and the restrictions on the use or enjoyment of any portion of the common interest development that are intended to be enforceable equitable servitudes. If the property is located within an airport influence area, a declaration, recorded after January 1, 2004, shall contain the following statement:

## NOTICE OF AIRPORT IN VICINITY

This property is presently located in the vicinity of an airport, within what is known as an airport influence area. For that reason, the property may be subject to some of the annoyances or inconveniences associated with proximity to airport operations (for example: noise, vibration, or odors). Individual sensitivities to those annoyances can vary from person to person. You may wish to consider what airport annoyances, if any, are associated with the property before you complete your purchase and determine whether they are acceptable to you.

(2) For purposes of this section, an “airport influence area,” also known as an “airport referral area,” is the area in which current or future airport-related noise, overflight, safety, or airspace protection factors may significantly affect land uses or necessitate restrictions on those uses as determined by an airport land use commission.

(3) The statement in a declaration acknowledging that a property is located in an airport influence area does not constitute a title defect, lien, or encumbrance.

(b) The declaration may contain any other matters the original signator of the declaration or the owners consider appropriate.

SEC. 6. This act shall become operative on January 1, 2004.

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## CHAPTER 497

An act to amend Sections 8813 and 8820 of the Education Code, relating to arts education.

[Approved by Governor September 12, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 8813 of the Education Code is amended to read:

8813. (a) Each eligible local arts agency may apply for a grant of up to one hundred thousand dollars (\$100,000) per year for the development, implementation, and review of an arts education program. Each grant application shall be preceded by a letter of intent to file that application submitted by the local arts agency on or before the January 1 immediately preceding the fiscal year for which grant funding is requested. Each eligible local arts agency shall include in its letter of intent an authorization to make application to this program from the county board of supervisors if the agency is a county agency or designated by the county board of supervisors, or from the city council if the agency is an agency of the city or is designated by the city. If the local arts agency is neither designated by, nor a department of, either city or county government, then it shall include authorization by its board of trustees authorizing the agency to make application under this program.

(b) Each grant application shall include, but not be limited to, all of the following:

(1) A plan for the proposed arts education program that meets all of the following criteria:

(A) The plan has been approved by resolution of the governing board of each participating school district or by the county board of education.

(B) The plan includes an assessment of the needs of public schools included in the partnership located within the jurisdiction of the local arts agency that is consistent with the guidelines for those assessments developed by the State Department of Education in consultation with the California Arts Council. The plan shall evidence appropriate participation by local citizens that are representative of the ethnic and cultural composition of the county.

(C) The plan shall describe a comprehensive arts education program that conforms to the tenets of the state's adopted curriculum framework for visual and performing arts as published by the State Department of Education in Visual and Performing Arts Framework for California Public Schools: Kindergarten through Grade 12, and shall include instruction in the four disciplines of dance, drama and theatre, music, and the visual arts for all pupils. The plan may also include other arts disciplines, including folk arts, film, video, and the writing of plays, scripts, and poetry.

(D) The plan proposes the use of community arts resources, including, but not limited to, professional artists, arts specialists, performing artists and companies, museums, nonprofit art galleries, institutions of higher education, resident artists organizations, and any program of the local arts agency or general community resources that provide arts education services, instruction, workshops, performances, or demonstrations.

(E) The plan provides for a local steering committee comprised of not less than 10, nor more than 13, members selected from professional artists, arts educators, administrators, teachers, arts organizations, school board members, and other citizens, to include the following members reflecting a balance between the education and the arts communities:

- (i) One representative of the local arts agency.
- (ii) Two professional artists.
- (iii) One representative of a local educational agency.
- (iv) Two teachers, including one from the local educational agency.
- (v) Two arts specialists.
- (vi) One community representative at large.
- (vii) One representative of an institution of higher education, who shall be either a faculty member in the visual and performing arts or arts education or have had prior experience in these two areas.

(F) The plan describes school needs, program goals, and a process for screening community arts resources. The fiscal procedures and pay rates shall be in accordance with standards established by the California Arts Council. Any of the community arts resources described in subparagraph (D) shall be eligible for a program grant if it demonstrates high quality arts performance, production, or instruction.

(G) The plan shall include an appropriate orientation for artists and teachers in participating schools.

(H) The plan shall include a staff development program which accounts for at least 10 percent of the overall budget for the plan, but not more than 20 percent of the overall budget for all public school teachers participating in the program pursuant to Article 1 (commencing with Section 44670) and Article 2 (commencing with Section 44680) of

Chapter 3.1 of Part 28 and under the California Arts Project, as established pursuant to Chapter 5 (commencing with Section 99200) of Part 65. For the purposes of this paragraph, a teacher is participating in the program if he or she instructs a class that will have more than 10 hours of direct contact with a community arts representative.

(I) The plan shall include a description of how funding for the staff development programs described in subparagraph (H) shall be used in providing services to teachers. The local education agency shall use the services of the California Arts Project established pursuant to Chapter 5 (commencing with Section 99200) of Part 65 and shall consult with at least one of the following entities in developing the staff development plans: a county office of education, an arts agency, an arts provider, a professional arts association, or an institution of higher education.

(J) The plan shall also assess the arts education of homeless children, children with special needs, children at risk, school dropouts, and the children of migrant workers who may not be attending class regularly. It is the intent of the Legislature that special supplementary funds, not to exceed 10 percent of the total state dollars, shall be appropriated for this purpose. Arts education delivered pursuant to this paragraph shall be exempt from the matching requirements described in Section 8814.

(2) A proposed budget for expenditure of the grant, which shall be submitted on a form developed by the California Arts Council for that purpose.

(3) A section demonstrating how the proposal furthers the implementation of the model curriculum standards set forth in Section 51226, the Visual and Performing Arts Framework for California Public Schools: Kindergarten through Grade Twelve published by the State Department of Education, or the implementation or operation of specialized secondary programs pursuant to Chapter 6 (commencing with Section 58800) of Part 31.

(4) A section designating the source of all local matching funds, as described in Section 8814.

SEC. 2. Section 8820 of the Education Code is amended to read:

8820. This chapter 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.

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## CHAPTER 498

An act to add Section 17255 to the Education Code, relating to school facilities.

[Approved by Governor September 12, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 17255 is added to the Education Code, to read:  
17255. The Energy Resources Conservation and Development Commission shall, in consultation with the State Department of Education and the Division of the State Architect and the Office of Public School Construction within the Department of General Services, recommend best design practices that include energy efficiency measures for all new public schools. The practices and measures shall have as a goal incorporating energy efficiency design and technologies that would provide the greatest amount of energy efficiency savings within a cost recapture period of seven years. The commission may additionally recommend best design practices and measures that would be cost-effective taking into consideration life-cycle costs. The recommendations shall be reported to the Governor and the Legislature by October 1, 2003.

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## CHAPTER 499

An act to amend Section 2 of Chapter 975 of the Statutes of 2000, relating to the Political Reform Act of 1974, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 12, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 2 of Chapter 975 of the Statutes of 2000 is amended to read:

Sec. 2. (a) The Bipartisan California Commission on Internet Political Practices is hereby established. The commission shall consist of thirteen members appointed as follows:

(1) Three members appointed by the Governor, one of whom shall be a member of the Democratic Party, and one of whom shall be a member of the Republican Party.

(2) Two members appointed by the Senate Committee on Rules.

(3) One member appointed by the Minority Floor Leader of the Senate.

(4) Two members appointed by the Speaker of the Assembly.

(5) One member appointed by the Minority Floor Leader of the Assembly.

(6) Two members appointed by the Secretary of State, one of whom shall be a member of the Democratic Party, and one of whom shall be a member of the Republican Party.

(7) Two members appointed by the Chairperson of the Fair Political Practices Commission, one of whom shall be a member of the Democratic Party, and one of whom shall be a member of the Republican Party.

(b) Each appointing authority shall seek to appoint individuals with diversified backgrounds and expertise to ensure that the membership of the California Commission on Internet Political Practices is familiar with, among other matters, all of the following:

(1) The magnitude of change posed by Internet technology.

(2) Political campaign practices and trends.

(3) Legal developments concerning political speech, the Internet, and the act.

(4) The concerns of public interest groups.

(c) The Bipartisan California Commission on Internet Political Practices shall meet and select a chairperson from among its members not later than 45 days after the effective date of this act. The chairman may hire staff, or retain independent contractors on a contractual basis, to assist with the work of the commission.

(d) The Bipartisan California Commission on Internet Political Practices shall examine the various issues posed by campaign activity on the Internet in relation to the goals and purposes of the act, and make recommendations for appropriate legislative action, if any. The examination of issues should include, but are not limited to, the following:

(1) Whether political communications on the Internet, especially those that expressly advocate support for or opposition to clearly identified candidates for elective office or ballot measures should be subject to the campaign finance disclosure requirements of the act.

(2) Whether costs associated with the development of campaign Web sites should be disclosed to the public, and whether they should be treated, depending on the circumstances, as reportable contributions, expenditures, independent expenditures, or payments.

(3) Whether Web sites created by individuals, sometimes referred to as "fan sites," that contain references to candidates and measures, or urge support or opposition to candidates or measures, or that provide hyperlinks to official campaign sites, should be treated differently from sites created by political parties, candidate and ballot measure committees, or independent committees.



(4) Whether the identity of publishers of Web sites that feature political campaign activity should be required to be disclosed similar to current identification requirements for persons who pay for printed or broadcast advertising.

(5) Whether current laws are adequate to protect against fraud, libel, or slander in the context of Internet political activity.

(6) Whether any disclosure requirements should be imposed on Internet political activity in order to encourage the broadest possible citizen participation in the electoral process.

(7) Whether the act is an appropriate regulatory vehicle for campaign activity at the state level, or whether a different regulatory structure for Internet campaign activity should be developed, if any.

(e) The meetings of the Bipartisan California Commission on Internet Political Practices shall be open and public. The commission members shall receive one hundred dollars (\$100) per diem for each day of attendance at a meeting of the commission, not to exceed 10 meetings.

(f) The Bipartisan California Commission on Internet Political Practices shall report its findings and recommendations to the Legislature not later than December 1, 2001. The commission shall cease to exist on January 1, 2002.

SEC. 2. Notwithstanding Section 4 of Chapter 927 of the Statutes of 2001, the Bipartisan California Commission on Internet Political Practices shall report its findings and recommendations to the Legislature not later than December 31, 2003, and shall include in its study the issue of political cyberfraud. The commission shall cease to exist on January 1, 2004.

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 preserve the Bipartisan California Commission on Internet Political Practices and thereby guard against political cyberfraud and other illegal campaign activity, it is necessary that this act take effect immediately.

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## CHAPTER 500

An act to amend Section 76224 of the Government Code, to amend Section 96.6 of the Revenue and Taxation Code, and to amend Section 22710 of the Vehicle Code, relating to counties, and making an appropriation therefor.

[Approved by Governor September 12, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 76224 of the Government Code is amended to read:

76224. Deposits to the Courthouse Construction Fund established in Merced or Sonoma County pursuant to Section 76100 and the Criminal Justice Facilities Construction Fund established in Merced or Sonoma County pursuant to Section 76101 shall continue through and including the 30th year after the initial year in which the surcharge is collected or the 30th year after any borrowings are made for any construction under those sections, whichever comes later.

SEC. 2. Section 96.6 of the Revenue and Taxation Code is amended to read:

96.6. (a) Notwithstanding any other provision of law, for the purposes of this chapter, the apportionment of property tax revenues required by Article 1 (commencing with Section 95) to Article 4 (commencing with Section 98), inclusive, shall not involve the subtraction of the redevelopment increment, calculated pursuant to subdivision (b) of Section 33670 of the Health and Safety Code, from any jurisdiction that is not within the boundaries of a redevelopment project area. For each fiscal year, if, in performing the calculations set forth in subdivision (a) and in subdivision (b) of Section 33670 of the Health and Safety Code, the auditor determines that there is redevelopment increment to be allocated to a redevelopment agency, the auditor shall withdraw that redevelopment increment determined pursuant to Section 33670 of the Health and Safety Code from those ad valorem property tax revenue allocations to be made to each jurisdiction within the boundaries of the relevant redevelopment project area. Each of those jurisdiction's share of that redevelopment increment shall be computed on the basis of the factors or rates which are developed pursuant to Section 96.5. In order to determine each jurisdiction's share of that redevelopment increment, the factors or rates for all tax rate areas that are part of a redevelopment project shall be applied to the current assessed value of the taxable property within the redevelopment project area, less the assessed valuation on the assessment roll last equalized prior to the effective date of the ordinance establishing the redevelopment project. Nothing in this section shall be construed as prohibiting a county from making the allocation and payment of funds as provided for by subdivision (b) of Section 33670 of the Health and Safety Code prior to the apportionment of property tax revenues to any jurisdiction.

(b) The amendment of subdivision (a) made by the act adding this subdivision does not constitute a change in, but is declaratory of, existing law. However, any apportionment of property tax revenues made prior to the effective date of the act adding this subdivision that is inconsistent with the provisions of subdivision (a), as amended by the act adding this subdivision, shall be deemed correct.

(c) (1) For the 2001–02 fiscal year, and each succeeding fiscal year thereafter, if the auditor of the County of Stanislaus determines that the withdrawal of the redevelopment increment from jurisdictions within the boundaries of the relevant redevelopment project area, on a project area basis as outlined in subdivision (a), results in jurisdictions receiving larger allocations of taxes than they otherwise would have received in the absence of redevelopment, the auditor may then determine if there is a redevelopment increment on a tax rate area basis and make withdrawals of the redevelopment increment from jurisdictions on a tax rate area basis to ensure that tax allocations to jurisdictions in the relevant redevelopment project are consistent with constitutional provisions and court rulings requiring that tax allocations to jurisdictions may never be more than they otherwise would have received without redevelopment.

(2) Any apportionment of property tax revenues made prior to January 1, 2003, that is inconsistent with this subdivision shall be deemed correct.

SEC. 3. Section 22710 of the Vehicle Code, as amended by Chapter 175 of the Statutes of 2001, is amended to read:

22710. (a) A service authority for the abatement of abandoned vehicles may be established, and a one dollar (\$1) vehicle registration fee imposed, in any county if the board of supervisors of the county, by a two-thirds vote, and a majority of the cities having a majority of the incorporated population within the county have adopted resolutions providing for the establishment of the authority and imposition of the fee. The membership of the authority shall be determined by concurrence of the board of supervisors and a majority vote of the majority of the cities within the county having a majority of the incorporated population.

(b) The authority may contract and may undertake any act convenient or necessary to carry out any law relating to the authority. The authority shall be staffed by existing personnel of the city, county, or county transportation commission.

(c) (1) Notwithstanding any other provision of law, a service authority may adopt an ordinance establishing procedures for the abatement, removal, and disposal, as public nuisances, of any abandoned, wrecked, dismantled, or inoperative vehicles or parts thereof from private or public property; and for the recovery, pursuant to Section 25845 or 38773.5 of the Government Code, or assumption by the service

authority, of costs of administration and that removal and disposal. The actual removal and disposal of vehicles shall be undertaken by an entity that may be a county or city or the department, pursuant to contract with the service authority as provided in this section.

(2) The money received by an authority pursuant to Section 9250.7 and this section shall be used only for the abatement, removal, and disposal as public nuisances of any abandoned, wrecked, dismantled, or inoperative vehicles or parts thereof from private or public property.

(d) (1) An abandoned vehicle abatement program and plan of a service authority shall be implemented only with the approval of the county and a majority of the cities having a majority of the incorporated population.

(2) The department shall provide guidelines for abandoned vehicle abatement programs. An authority's abandoned vehicle abatement plan and program shall be consistent with those guidelines, and shall provide for, but not be limited to, an estimate of the number of abandoned vehicles, a disposal and enforcement strategy including contractual agreements, and appropriate fiscal controls.

The department's guidelines provided pursuant to this paragraph shall include, but not be limited to, requiring each service authority receiving funds from the Abandoned Vehicle Trust Fund to report to the Controller on an annual basis pursuant to subdivision (c) of Section 9250.7, in a manner prescribed by the department, and pursuant to an approved abandoned vehicle abatement program. The report shall be submitted to the Controller not later than 90 calendar days following the end of the previous quarter.

(3) After a plan has been approved pursuant to paragraph (1), the service authority shall, not later than August 1 of the year in which the plan was approved, submit it to the department for review, and the department shall, not later than October 1 of that same year, either approve the plan as submitted or make recommendations for revision. After the plan has received the department's approval as being consistent with the department's guidelines, the service authority shall, not later than January 1 of the following year, submit it to the Controller.

(4) Except as provided in subdivision (e), the Controller shall make no allocations for a calendar year to a service authority for which an approved plan was not received on or before January 1 of that year, or when a county has failed to provide its annual report as required in paragraph (2).

(5) No governmental agency shall receive any funds from a service authority for the abatement of abandoned vehicles pursuant to an approved abandoned vehicle abatement program unless the governmental agency has submitted an annual report to the service authority stating the manner in which the funds were expended, and the

number of vehicles abated. The governmental agency shall receive that percentage of the total funds collected by the service authority that is equal to its share of the formula calculated pursuant to paragraph (6).

(6) Each service authority shall calculate a formula for apportioning funds to each governmental agency that receives funds from the service authority and submit that formula to the Controller with the annual report required pursuant to paragraph (2). The formula shall apportion 50 percent of the funds received by the service authority to a governmental agency based on the percentage of vehicles abated by that governmental agency of the total number of abandoned vehicles abated by all member agencies, and 50 percent based on population and geographic area, as determined by the service authority. When the formula is first submitted to the Controller, and each time the formula is revised thereafter, the service authority shall include a detailed explanation of how the service authority determined the apportionment between per capita abatements and service area.

(7) Notwithstanding any other provision of this subdivision, the Controller may allocate to the service authority in the County of Humboldt the net amount of the abandoned vehicle abatement funds received from the fee imposed by that authority, as described in subdivision (b) of Section 9250.7, for calendar years 2000 and 2001.

(e) Any plan that has been submitted to the Controller pursuant to subdivision (d) may be revised pursuant to the procedure prescribed in that subdivision, including compliance with any dates described therein for submission to the department and the Controller, respectively, in the year in which the revisions are proposed. Compliance with that procedure shall only be required if the revisions are substantial. A service authority that is newly formed and has not complied with subdivision (d) may so comply after the dates specified in subdivision (d) by submitting an approved plan on or before those dates in the year in which the plan is submitted.

(f) For purposes of this section, "abandoned vehicle abatement" means the removal of a vehicle from public or private property by towing or any other means after the vehicle has been marked as abandoned by an official of a governmental agency that is a member of the service authority.

(g) A service authority shall cease to exist on the date that all revenues received by the authority pursuant to this section and Section 9250.7 have been expended.

SEC. 4. 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 unique circumstances in Humboldt, Sonoma, and Stanislaus Counties.

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CHAPTER 501

An act to amend Sections 41821 and 41850 of, and to add Section 42912 to, the Public Resources Code, relating to solid waste.

[Approved by Governor September 12, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 41821 of the Public Resources Code is amended to read:

41821. (a) (1) Each year following the board's approval of a city, county, or regional agency's source reduction and recycling element, household hazardous waste element, and nondisposal facility element, the city, county, or regional agency shall submit a report to the board summarizing its progress in reducing solid waste as required by Section 41780.

(2) The annual report shall be due on or before August 1 of the year following board approval of the source reduction and recycling element, the household hazardous waste element, and the nondisposal facility element, and on or before August 1 in each subsequent year. The information in this report shall encompass the previous calendar year, January 1 to December 31, inclusive.

(b) Each jurisdiction's annual report to the board shall, at a minimum, include the following:

(1) Calculations of annual disposal reduction.

(2) Information on the changes in waste generated or disposed of due to increases or decreases in population, economics, or other factors in complying with subdivision (c) of Section 41780.1.

(3) A summary of progress made in implementing the source reduction and recycling element and the household hazardous waste element. The city, county, or regional agency may also include information about existing and new programs it is implementing that are not part of the original or modified source reduction and recycling element adopted by the jurisdiction and approved by the board to achieve the diversion requirements of Section 41780.

(4) A summary of progress made in diversion of construction and demolition of waste material, including information on programs and

ordinances implemented by the local government and quantitative data, where available.

(5) If the jurisdiction has been granted a time extension by the board pursuant to Section 41820, the jurisdiction shall include a summary of progress made in meeting the source reduction and recycling element implementation schedule pursuant to paragraph (2) of subdivision (a) of Section 41780 and complying with the jurisdiction's plan of correction, prior to the expiration of the time extension.

(6) If the jurisdiction has been granted an alternative source reduction, recycling, and composting requirement pursuant to Section 41785, the jurisdiction shall include a summary of progress made towards meeting the alternative requirement as well as an explanation of current circumstances that support the continuation of the alternative requirement.

(7) Other information relevant to compliance with Section 41780.

(c) A jurisdiction may also include, in the report required by this section, all of the following:

(1) Any factor that the jurisdiction believes would affect the accuracy of the estimated waste disposal reduction calculation provided in the report pursuant to paragraph (1) of subdivision (b) to accurately reflect the changes in the amount of solid waste that is actually disposed. The jurisdiction may include, but is not limited to including, all of the following factors:

(A) Whether the jurisdiction hosts a solid waste facility.

(B) The effects of self-hauled waste and construction and demolition waste.

(C) The original or subsequent base year calculation, the amount of orphan waste, and the waste disposal reduction adjustment methodology.

(2) Information regarding the programs the jurisdiction is undertaking to respond to the factors specified in paragraph (1), and why it is not feasible to implement programs to respond to other factors that affect the amount of waste that is disposed.

(3) An estimate that the jurisdiction believes reflects that jurisdiction's annual reduction or increase in the disposal of solid waste.

(d) The board shall use, but is not limited to the use of, the annual report in the determination of whether the jurisdiction's source reduction and recycling element needs to be revised.

(e) (1) The board shall adopt procedures for requiring additional information in a jurisdiction's annual report. The procedures shall require the board to notify a jurisdiction of any additional required information no later than 120 days after the board receives the report from the jurisdiction.



(2) Paragraph (1) does not prohibit the board from making additional requests for information in a timely manner. A jurisdiction receiving a request for information shall respond in a timely manner.

(f) The board shall adopt procedures for conferring with a jurisdiction regarding the implementation of a diversion program or changes to a jurisdiction's calculation of its annual disposal reduction.

SEC. 2. Section 41850 of the Public Resources Code is amended to read:

41850. (a) Except as specifically provided in Section 41813, if, after holding the public hearing and issuing an order of compliance pursuant to Section 41825, the board finds that the city, county, or regional agency has failed to make a good faith effort to implement its source reduction and recycling element or its household hazardous waste element, the board may impose administrative civil penalties upon the city or county or, pursuant to Section 40974, upon the city or county as a member of a regional agency, of up to ten thousand dollars (\$10,000) per day until the city, county, or regional agency implements the element.

(b) In determining whether or not to impose any penalties, or in determining the amount of any penalties imposed under this section, including any penalties imposed due to the exclusion of solid waste pursuant to Section 41781.2 that results in a reduction in the quantity of solid waste diverted by a city, county, or regional agency, the board shall consider whether the jurisdiction has made a good faith effort to implement its source reduction and recycling element or its household hazardous waste element. In addition, the board shall consider only those relevant circumstances that have prevented a city, county, or regional agency from meeting the requirements of this division, including the diversion requirements of paragraphs (1) and (2) of subdivision (a) of Section 41780, including, but not limited to, all of the following:

(1) Natural disasters.

(2) Budgetary conditions within a city, county, or regional agency that could not be remedied by the imposition or adjustment of solid waste fees.

(3) Work stoppages that directly prevent a city, county, or regional agency from implementing its source reduction and recycling element or household hazardous waste element.

(4) The impact of the failure of federal, state, and other local agencies located within the jurisdiction to implement source reduction and recycling programs in the jurisdiction on the host jurisdiction's ability to meet the requirements of paragraph (2) of subdivision (a) of Section 41780.



(c) In addition to the factors specified in subdivision (b), the board shall consider all of the following:

(1) The extent to which a city, county, or regional agency has implemented additional source reduction, recycling, and composting activities to comply with the diversion requirements of paragraphs (1) and (2) of subdivision (a) of Section 41780.

(2) The extent to which a city, county, or regional agency is meeting the diversion requirements of paragraphs (1) and (2) of subdivision (a) of Section 41780.

(3) Whether the jurisdiction has requested and been granted an extension to the requirements of Section 41780, pursuant to Section 41820, or an alternative requirement to Section 41780, pursuant to Section 41785.

(4) Whether a local jurisdiction has provided information to the board concerning whether construction and demolition waste material is at least a moderately significant portion of the waste stream, and, if so, whether the local jurisdiction has adopted an ordinance for diversion of construction and demolition waste materials from solid waste disposal facilities, has adopted a model ordinance pursuant to subdivision (a) of Section 42912 for diversion of construction and demolition waste materials from solid waste disposal facilities, or has implemented another program to encourage or require diversion of construction and demolition waste materials from solid waste disposal facilities.

(d) (1) For the purposes of this section, "good faith effort" means all reasonable and feasible efforts by a city, county, or regional agency to implement those programs or activities identified in its source reduction and recycling element or household hazardous waste element, or alternative programs or activities that achieve the same or similar results.

(2) For purposes of this section "good faith effort" may also include the evaluation by a city, county, or regional agency of improved technology for the handling and management of solid waste that would reduce costs, improve efficiency in the collection, processing, or marketing of recyclable materials or yard waste, and enhance the ability of the city, county, or regional agency to meet the diversion requirements of paragraphs (1) and (2) of subdivision (a) of Section 41780, provided that the city, county, or regional agency has submitted a compliance schedule pursuant to Section 41825, and has made all other reasonable and feasible efforts to implement the programs identified in its source reduction and recycling element or household hazardous waste element.

(3) In determining whether a jurisdiction has made a good faith effort, the board shall consider the enforcement criteria included in its enforcement policy, as adopted on April 25, 1995, or as subsequently amended.

SEC. 3. Section 42912 is added to the Public Resources Code, to read:

42912. (a) Not later than March 1, 2004, after holding a public hearing, the board shall do all of the following:

(1) Adopt one or more model ordinances, suitable for modification by a local agency, that the local agency may adopt that will require a range of diversion rates of construction and demolition waste materials from 50 to 75 percent, as determined by the board, and as measured by weight.

(2) Consult with representatives of the League of California Cities, the California State Association of Counties, private and public waste services and building construction materials industry and construction management personnel throughout the development of the model ordinances.

(3) Compile a report on programs, other than a model ordinance, that local governments and general contractors can implement to increase diversion of construction and demolition waste materials.

(4) Post on the board's Internet Web site, a report for general contractors on methods by which contractors can increase diversion of construction and demolition waste materials.

(5) Post on the board's Internet Web site, a report for local governments with suggestions of programs, in addition to adoption of the model ordinance, to increase diversion of construction and demolition waste materials.

(b) Not later than January 1, 2004, the board shall distribute the draft model ordinance to all local agencies and other interested parties for review. Any comments shall be submitted to the board by February 1, 2004, for consideration at the public hearing of the board to adopt the ordinance.

SEC. 4. Notwithstanding Section 17610 of the Government Code, 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. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

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## CHAPTER 502

An act to amend Section 4 of Chapter 604 of the Statutes of 1999, relating to veterans, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 12, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 4 of Chapter 604 of the Statutes of 1999 is amended to read:

Sec. 4. It is the intent of the Legislature that the state apply for and receive the maximum amount of federal funds available for the construction and development of the Northern California Veterans Cemetery. Accordingly, both of the following shall apply to funding of the cemetery:

(a) The Department of Veterans Affairs shall apply to the State Cemetery Grant Program of the federal Department of Veterans Affairs for a grant of not more than seven million dollars (\$7,000,000), which amount represents 100 percent of the estimated cost for designing, developing, constructing, and equipping the cemetery.

(b) The money appropriated under Section 3 of this act may not be expended until the Department of Veterans Affairs has received written approval of the grant requested under subdivision (a) and a commitment from the federal State Cemetery Grant Program that the funds appropriated under the grant are available for expenditure by the state, except that the department may expend an amount necessary for completion of the grant proposal from the funds appropriated under subdivision (b) of that Section 3.

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 commence with the design, development, and construction of the Northern California Veterans Cemetery at the earliest possible time, it is necessary that this act take effect immediately.

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## CHAPTER 503

An act to amend Section 50544 of the Health and Safety Code, relating to the Jobs-Housing Balance Improvement Program.

[Approved by Governor September 12, 2002. Filed with  
Secretary of State September 12, 2002.]

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

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

(a) In 2000, the State of California enacted the Jobs-Housing Balance Improvement Program, designed to stimulate housing production consistent with sustaining long-term economic prosperity and environmental quality.

(b) The incentives to local jurisdictions to provide housing should reflect the opportunities of the jurisdiction.

(c) For counties, the land available for housing can be reduced substantially by annexations and incorporations.

SEC. 2. Section 50544 of the Health and Safety Code is amended to read:

50544. (a) One hundred million dollars (\$100,000,000) of the funds transferred for purposes of this chapter in Item 2240-114-0001 of the Budget Act of 2000, any funds transferred in Item 2240-114-0001 and appropriated pursuant to Item 2240-114-3006 in the Budget Act of 2001, and any funds appropriated thereafter for the purposes of this section shall be used to award incentive grants to cities, counties, and city and counties to be used for any project, service, or other local need determined by the city, county, or city and county to be in the community's best interest. Grants shall be provided through a grant agreement that requires the recipient to provide to the department a report on the number of residential building permits issued during the reporting period, the number of certificates of occupancy issued for those units, and the services provided or amenities purchased or built. The department may operate this program through at least one annual allocation. In addition, because housing production may be affected by economic factors during the course of any allocation year, the department may, if it deems necessary, reasonably adjust incentive criteria to meet the intent of this section and allow funding to remain available for subsequent annual funding cycles upon expenditure authorization by the Legislature.

(b) To be eligible for a grant pursuant to this section, a local government shall do both of the following:

(1) By the end of the calendar year in which unit production is to be counted (hereafter referred to as "allocation reporting year"), have an adopted housing element that the department has determined pursuant to Section 65585 of the Government Code to be in substantial compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

(2) Have a demonstrable and significant increase in the issuance of residential building permits issued between January 1 and December 31

of the allocation reporting year over the average number of building permits issued annually for the most recent 36-month period that can be calculated prior to the allocation reporting year. This calculation shall be adjusted for incorporations and annexations. The department shall establish a benchmark level to be achieved in order to establish eligibility for funding based on criteria including a survey of economic forecasts to be conducted by the Department of Finance no later than November 30 of the year prior to the reporting year for any year in which the program is to be operated.

(c) Grant amounts shall be determined as a per-unit incentive weighted for high, medium, and low employment demand areas. In addition, the department shall provide additional incentives for units in projects within eligible communities that meet criteria designed to encourage planning priorities such as affordability, multifamily housing, and infill development. The department shall establish the definitions and measurement specifications for the incentive criteria to be used to determine grant amounts that are easily and objectively verifiable.

(d) Funding shall be provided as soon after January 1 of the year following the allocation reporting year, as is reasonably possible, allowing time for receipt by the Department of Finance of yearend production figures as well as other information necessary to apply the established criteria. If all funds are not expended after the end of the calendar year in which housing production is counted, the department may continue the program into the following year if it determines there are adequate appropriated funds to administer the program. If residential production within eligible jurisdictions exceeds the department's projections, per-unit incentives shall be prorated within the appropriated funding amount.

(e) The department shall solicit and consider comments from interested parties on the criteria that shall be used for determining the amount of funds granted per unit. The department may deny funding to any jurisdiction that it determines, based on reasonable evidence, failed to issue residential building permits on a timely basis between the effective date of this chapter and January 1, 2001, or, where the department determines, upon reasonable evidence, that the jurisdiction inappropriately withheld the issuance of building permits so that it could be counted in a subsequent allocation reporting year.

(f) No later than December 31, 2002, and on December 31 of each subsequent year in which funds are expended, the department shall provide an interim report to the Legislature indicating the benchmark levels of production established, the number of jurisdictions accessing the program, the number of residential units building permits issued above the established benchmark, and the success of the additional

incentives in achieving state housing policies. When all funds have been expended, the department shall provide a final report with updates to the data contained in the previous reports, a description of the achievements and expenditures by local governments through the program and information regarding the number of certificates of occupancy issued in relation to the residential building permits issued. The report shall be issued within twelve months following the final allocation of funds.

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## CHAPTER 504

An act to add Section 14555 to the Public Resources Code, relating to beverage containers.

[Approved by Governor September 12, 2002. Filed with Secretary of State September 12, 2002.]

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

SECTION 1. Section 14555 is added to the Public Resources Code, to read:

14555. (a) On or before January 1, 2004, the department shall submit to the Legislature a report regarding beverage container recycling in California's public elementary, middle, and high schools.

(b) The report shall include, but not be limited to, all of the following:

(1) A description of department public outreach efforts in schools.

(2) A description of local conservation corps recycling activities in the schools.

(3) A description of school-based recycling programs sponsored by certified recycling operations.

(4) A description of any additional school-based beverage container recycling efforts.

(c) The report may include recommendations of additional policies or programs that may increase beverage container recycling in schools.

(d) The department shall complete the report using existing resources.

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## CHAPTER 505

An act to amend Sections 65088, 65088.1, and 65089 of, and to add Section 65088.4 to, the Government Code, relating to congestion management.

[Approved by Governor September 12, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 65088 of the Government Code is amended to read:

65088. The Legislature finds and declares all of the following:

(a) Although California's economy is critically dependent upon transportation, its current transportation system relies primarily upon a street and highway system designed to accommodate far fewer vehicles than are currently using the system.

(b) California's transportation system is characterized by fragmented planning, both among jurisdictions involved and among the means of available transport.

(c) The lack of an integrated system and the increase in the number of vehicles are causing traffic congestion that each day results in 400,000 hours lost in traffic, 200 tons of pollutants released into the air we breathe, and three million one hundred thousand dollars (\$3,100,000) added costs to the motoring public.

(d) To keep California moving, all methods and means of transport between major destinations must be coordinated to connect our vital economic and population centers.

(e) In order to develop the California economy to its full potential, it is intended that federal, state, and local agencies join with transit districts, business, private and environmental interests to develop and implement comprehensive strategies needed to develop appropriate responses to transportation needs.

(f) In addition to solving California's traffic congestion crisis, rebuilding California's cities and suburbs, particularly with affordable housing and more walkable neighborhoods, is an important part of accommodating future increases in the state's population because homeownership is only now available to most Californians who are on the fringes of metropolitan areas and far from employment centers.

(g) The Legislature intends to do everything within its power to remove regulatory barriers around the development of infill housing, transit-oriented development, and mixed use commercial development in order to reduce regional traffic congestion and provide more housing choices for all Californians.

(h) The removal of regulatory barriers to promote infill housing, transit-oriented development, or mixed use commercial development does not preclude a city or county from holding a public hearing nor finding that an individual infill project would be adversely impacted by the surrounding environment or transportation patterns.



SEC. 2. Section 65088.1 of the Government Code is amended to read:

65088.1. As used in this chapter the following terms have the following meanings:

(a) Unless the context requires otherwise, “regional agency” means the agency responsible for preparation of the regional transportation improvement program.

(b) Unless the context requires otherwise, “agency” means the agency responsible for the preparation and adoption of the congestion management program.

(c) “Commission” means the California Transportation Commission.

(d) “Department” means the Department of Transportation.

(e) “Local jurisdiction” means a city, a county, or a city and county.

(f) “Parking cash-out program” means an employer-funded program under which an employer offers to provide a cash allowance to an employee equivalent to the parking subsidy that the employer would otherwise pay to provide the employee with a parking space. “Parking subsidy” means the difference between the out-of-pocket amount paid by an employer on a regular basis in order to secure the availability of an employee parking space not owned by the employer and the price, if any, charged to an employee for use of that space.

A parking cash-out program may include a requirement that employee participants certify that they will comply with guidelines established by the employer designed to avoid neighborhood parking problems, with a provision that employees not complying with the guidelines will no longer be eligible for the parking cash-out program.

(g) “Infill opportunity zone” means a specific area designated by a city or county, pursuant to subdivision (c) of Section 65088.4, zoned for new compact residential or mixed use development within one-third mile of a site with an existing or future rail transit station, a ferry terminal served by either a bus or rail transit service, an intersection of at least two major bus routes, or within 300 feet of a bus rapid transit corridor, in counties with a population over 400,000. The mixed use development zoning shall consist of three or more land uses that facilitate significant human interaction in close proximity, with residential use as the primary land use supported by other land uses such as office, hotel, health care, hospital, entertainment, restaurant, retail, and service uses. The transit service shall have maximum scheduled headways of 15 minutes for at least 5 hours per day. A qualifying future rail station shall have broken ground on construction of the station and programmed operational funds to provide maximum scheduled headways of 15 minutes for at least 5 hours per day.



(h) "Interregional travel" means any trips that originate outside the boundary of the agency. A "trip" means a one-direction vehicle movement. The origin of any trip is the starting point of that trip. A roundtrip consists of two individual trips.

(i) "Level of service standard" is a threshold that defines a deficiency on the congestion management program highway and roadway system which requires the preparation of a deficiency plan. It is the intent of the Legislature that the agency shall use all elements of the program to implement strategies and actions that avoid the creation of deficiencies and to improve multimodal mobility.

(j) "Multimodal" means the utilization of all available modes of travel that enhance the movement of people and goods, including, but not limited to, highway, transit, nonmotorized, and demand management strategies including, but not limited to, telecommuting. The availability and practicality of specific multimodal systems, projects, and strategies may vary by county and region in accordance with the size and complexity of different urbanized areas.

(k) "Performance measure" is an analytical planning tool that is used to quantitatively evaluate transportation improvements and to assist in determining effective implementation actions, considering all modes and strategies. Use of a performance measure as part of the program does not trigger the requirement for the preparation of deficiency plans.

(l) "Urbanized area" has the same meaning as is defined in the 1990 federal census for urbanized areas of more than 50,000 population.

(m) "Bus rapid transit corridor" means a bus service that includes at least four of the following attributes:

- (1) Coordination with land use planning.
- (2) Exclusive right-of-way.
- (3) Improved passenger boarding facilities.
- (4) Limited stops.
- (5) Passenger boarding at the same height as the bus.
- (6) Prepaid fares.
- (7) Real-time passenger information.
- (8) Traffic priority at intersections.
- (9) Signal priority.
- (10) Unique vehicles.

SEC. 3. Section 65088.4 is added to the Government Code, to read:

65088.4. (a) It is the intent of the Legislature to balance the need for level of service standards for traffic with the need to build infill housing and mixed use commercial developments within walking distance of mass transit facilities, downtowns, and town centers and to provide greater flexibility to local governments to balance these sometimes competing needs.

(b) Notwithstanding any other provision of law, level of service standards described in Section 65089 shall not apply to the streets and highways within an infill opportunity zone. The city or county shall do either of the following:

(1) Include these streets and highways under an alternative areawide level of service standard or multimodal composite or personal level of service standard that takes into account both of the following:

(A) The broader benefits of regional traffic congestion reduction by siting new residential development within walking distance of, and no more than one-third mile from, mass transit stations, shops, and services, in a manner that reduces the need for long vehicle commutes and improves the jobs-housing balance.

(B) Increased use of alternative transportation modes, such as mass transit, bicycling, and walking.

(2) Approve a list of flexible level of service mitigation options that includes roadway expansion and investments in alternate modes of transportation that may include, but are not limited to, transit infrastructure, pedestrian infrastructure, and ridesharing, vanpool, or shuttle programs.

(c) The city or county may designate an infill opportunity zone by adopting a resolution after determining that the infill opportunity zone is consistent with the general plan and any applicable specific plan. A city or county may not designate an infill opportunity zone after December 31, 2009.

(d) The city or county in which the infill opportunity zone is located shall ensure that a development project shall be completed within the infill opportunity zone not more than four years after the date on which the city or county adopted its resolution pursuant to subdivision (c). If no development project is completed within an infill opportunity zone by the time limit imposed by this subdivision, the infill opportunity zone shall automatically terminate.

SEC. 4. Section 65089 of the Government Code is amended to read:

65089. (a) A congestion management program shall be developed, adopted, and updated biennially, consistent with the schedule for adopting and updating the regional transportation improvement program, for every county that includes an urbanized area, and shall include every city and the county. The program shall be adopted at a noticed public hearing of the agency. The program shall be developed in consultation with, and with the cooperation of, the transportation planning agency, regional transportation providers, local governments, the department, and the air pollution control district or the air quality management district, either by the county transportation commission, or by another public agency, as designated by resolutions adopted by the county board of supervisors and the city councils of a majority of the

cities representing a majority of the population in the incorporated area of the county.

(b) The program shall contain all of the following elements:

(1) (A) Traffic level of service standards established for a system of highways and roadways designated by the agency. The highway and roadway system shall include at a minimum all state highways and principal arterials. No highway or roadway designated as a part of the system shall be removed from the system. All new state highways and principal arterials shall be designated as part of the system, except when it is within an infill opportunity zone. Level of service (LOS) shall be measured by Circular 212, by the most recent version of the Highway Capacity Manual, or by a uniform methodology adopted by the agency that is consistent with the Highway Capacity Manual. The determination as to whether an alternative method is consistent with the Highway Capacity Manual shall be made by the regional agency, except that the department instead shall make this determination if either (i) the regional agency is also the agency, as those terms are defined in Section 65088.1, or (ii) the department is responsible for preparing the regional transportation improvement plan for the county.

(B) In no case shall the LOS standards established be below the level of service E or the current level, whichever is farthest from level of service A except when the area is in an infill opportunity zone. When the level of service on a segment or at an intersection fails to attain the established level of service standard outside an infill opportunity zone, a deficiency plan shall be adopted pursuant to Section 65089.4.

(2) A performance element that includes performance measures to evaluate current and future multimodal system performance for the movement of people and goods. At a minimum, these performance measures shall incorporate highway and roadway system performance, and measures established for the frequency and routing of public transit, and for the coordination of transit service provided by separate operators. These performance measures shall support mobility, air quality, land use, and economic objectives, and shall be used in the development of the capital improvement program required pursuant to paragraph (5), deficiency plans required pursuant to Section 65089.4, and the land use analysis program required pursuant to paragraph (4).

(3) A travel demand element that promotes alternative transportation methods, including, but not limited to, carpools, vanpools, transit, bicycles, and park-and-ride lots; improvements in the balance between jobs and housing; and other strategies, including, but not limited to, flexible work hours, telecommuting, and parking management programs. The agency shall consider parking cash-out programs during the development and update of the travel demand element.

(4) A program to analyze the impacts of land use decisions made by local jurisdictions on regional transportation systems, including an estimate of the costs associated with mitigating those impacts. This program shall measure, to the extent possible, the impact to the transportation system using the performance measures described in paragraph (2). In no case shall the program include an estimate of the costs of mitigating the impacts of interregional travel. The program shall provide credit for local public and private contributions to improvements to regional transportation systems. However, in the case of toll road facilities, credit shall only be allowed for local public and private contributions which are unreimbursed from toll revenues or other state or federal sources. The agency shall calculate the amount of the credit to be provided. The program defined under this section may require implementation through the requirements and analysis of the California Environmental Quality Act, in order to avoid duplication.

(5) A seven-year capital improvement program, developed using the performance measures described in paragraph (2) to determine effective projects that maintain or improve the performance of the multimodal system for the movement of people and goods, to mitigate regional transportation impacts identified pursuant to paragraph (4). The program shall conform to transportation-related vehicle emission air quality mitigation measures, and include any project that will increase the capacity of the multimodal system. It is the intent of the Legislature that, when roadway projects are identified in the program, consideration be given for maintaining bicycle access and safety at a level comparable to that which existed prior to the improvement or alteration. The capital improvement program may also include safety, maintenance, and rehabilitation projects that do not enhance the capacity of the system but are necessary to preserve the investment in existing facilities.

(c) The agency, in consultation with the regional agency, cities, and the county, shall develop a uniform data base on traffic impacts for use in a countywide transportation computer model and shall approve transportation computer models of specific areas within the county that will be used by local jurisdictions to determine the quantitative impacts of development on the circulation system that are based on the countywide model and standardized modeling assumptions and conventions. The computer models shall be consistent with the modeling methodology adopted by the regional planning agency. The data bases used in the models shall be consistent with the data bases used by the regional planning agency. Where the regional agency has jurisdiction over two or more counties, the data bases used by the agency shall be consistent with the data bases used by the regional agency.

(d) (1) The city or county in which a commercial development will implement a parking cash-out program that is included in a congestion

management program pursuant to subdivision (b), or in a deficiency plan pursuant to Section 65089.4, shall grant to that development an appropriate reduction in the parking requirements otherwise in effect for new commercial development.

(2) At the request of an existing commercial development that has implemented a parking cash-out program, the city or county shall grant an appropriate reduction in the parking requirements otherwise applicable based on the demonstrated reduced need for parking, and the space no longer needed for parking purposes may be used for other appropriate purposes.

(e) Pursuant to the federal Intermodal Surface Transportation Efficiency Act of 1991 and regulations adopted pursuant to the act, the department shall submit a request to the Federal Highway Administration Division Administrator to accept the congestion management program in lieu of development of a new congestion management system otherwise required by the act.

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## CHAPTER 506

An act to amend Section 35294.8 of, and to add and repeal Article 10.41 (commencing with Section 35294.20) of Chapter 2 of Part 21 of, the Education Code, relating to school safety.

[Approved by Governor September 12, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. (a) The Legislature finds and declares all of the following general propositions:

(1) The state and the people of California face an unprecedented crisis and challenge with regard to the safety of our children in our public schools.

(2) We now have a growing body of research and knowledge with respect to the root causes of the violence of our children in our public schools.

(3) We now have the capacity, if we have the will, to address these root causes of the violence of our children in our public schools, and make our schools safe for all present, children and adults alike.

(b) The Legislature finds and declares that the following facts demonstrate the depth of the crisis with respect to the safety of our children in our California public schools:

(1) Every 17 seconds in the United States a child is arrested; children in the United States are 10 times more likely to commit murder than comparably aged youths in Canada.

(2) Adolescent suicide has increased 400 percent in 30 years. The United States has the highest youth homicide and suicide rates among the 26 wealthiest nations in the world.

(3) One hundred sixty thousand children miss school daily due to fear of attack or peer intimidation.

(4) Hyperactivity and attention deficit disorder have increased 700 percent in two decades. One in 30 youngsters five to 19 years of age is using Ritalin. Adolescent depression has increased 1,000 percent in 40 years.

(5) Twenty-four percent of high school pupils say they took a weapon to school at least once in the past year. Seventy-three percent of youngsters 10 to 18 years of age hit someone during the year because of anger.

(6) In 10 years, juvenile theft has increased 22 percent. Almost half of middle and high school pupils admitted stealing from a store during the year; 25 percent said they did so at least twice.

(7) Since 1969, high school pupils' test cheating increased from 34 percent to 68 percent. A U.S. News & World Report survey found 84 percent of college students believe they need to cheat to get ahead in the world.

(8) Ninety-two percent of high school pupils lied to their parents in the past year; more than one in four said they would lie to get a job.

(9) One out of five fifth graders has been drunk; two-thirds of eighth graders have used alcohol.

(10) Three million teenagers, about one in four of those sexually active, acquire a sexually transmitted disease every year. Teen pregnancy rates are much higher in the United States than in many other developed countries.

(c) The Legislature finds and declares all of the following:

(1) Each pupil has the right to experience school in a totally safe environment wherein he or she can develop his or her maximum potential for becoming a lifelong learner.

(2) The home and family are the best, and every bit as essential, hope for laying the conditions and teaching the protective factors to violence proof our children.

(3) The school offers the next best hope in identifying potentially violent prone pupils, nurturing a climate conducive to ameliorating violence and nurturing the seeds of peacefulness, teaching the skills of nonviolence, and intervening and redirecting violent prone youth towards more prosocial behaviors.

(4) Violence is a learned behavior. If violence is learned, it can therefore be unlearned.

(5) The most effective violence prevention program has three essential elements: a physically safe environment, an emotionally and morally safe environment, and an environment that teaches specific resiliency skills and moral habits to help pupils counter risk factors and reframe violent and antisocial behaviors.

(6) Aggression and antisocial behaviors generally become entrenched by late adolescence. Intervention is more successful when interventions occur before antisocial and violent patterns become habits.

(7) An ounce of prevention is worth a ton of cure.

(d) The Legislature finds and declares that we now know enough that we can create the model for a smart comprehensive strategic action plan that could be adopted in collaboration by all the key stakeholders at each and every one of our California public schools that would serve to address those root causes of violence and make our schools safe for all present, pupils and adults alike, if we recognize, appreciate, and include and address within our model and plan the following essential components:

(1) Every child must be assured that the school he or she attends is a safe physical environment.

(2) Every child must be assured that the school he or she attends provides a safe, respectful, accepting, and emotionally nurturing environment that welcomes “the whole child.”

(3) Every child must be assured that the school he or she attends will provide him or her with resiliency skills.

(e) It is the intent of the Legislature in enacting this act to do the following:

(1) Create and provide a model for a smart comprehensive strategic action plan that, at a minimum, includes each and all of the following essential components, and that may be deliberated and adopted by each California public school to prevent violence and thereby assure the safety of all of our California public school children:

(A) An explicit statement by the school community, including, but not limited to, the school district, the schoolsite council, parents, teachers, and pupils, of the following:

(i) It intends to design and implement a strategic action plan that will effectively prevent school violence.

(ii) With respect to violence, it holds and intends to honor, in its practice, the high expectations that violence is a learned behavior and can therefore be unlearned and prevented.

(iii) A commitment to develop and implement a program that recognizes the critical role of the parent or guardian as a full partner in



laying the conditions and teaching the protective factors to violence proof our children.

(iv) A plan to develop and implement a program that utilizes existing programs that effectively provide violence prevention strategies.

(v) A plan to develop and implement a program that provides a personal mentor for each pupil.

(vi) A strategy for including within the existing school structure a smaller learning environment for all pupils and schools within a school.

(vii) A strategy for ensuring that each individual enrolled or employed at the school is provided with informative materials which explicitly evidence the most up-to-date version of the school safety plan pursuant to this act.

(2) Create the California “Double Your Cash” program for preventing school violence—“Californians committed to academic achievement, school safety, and healthy humans.”

(3) Inspire and encourage each California public school to proceed immediately to convene a full-scale public dialogue of all its key stakeholders, for the purpose of considering this model, modifying it to meet its own conditions and circumstances, and adopting and implementing it.

SEC. 2. Section 35294.8 of the Education Code is amended to read:

35294.8. (a) In order to ensure compliance with this article, each school shall forward its comprehensive school safety plan to the school district or county office of education for approval.

(b) (1) Before adopting its comprehensive school safety plan, the schoolsite council or school safety planning committee shall hold a public meeting at the schoolsite in order to allow members of the public the opportunity to express an opinion about the school safety plan.

(2) The schoolsite council or school safety planning committee shall notify, in writing, the following persons and entities, if available, of the public meeting:

(A) The local mayor.

(B) A representative of the local school employee organization.

(C) A representative of each parent organization at the schoolsite, including the parent teacher association and parent teacher clubs.

(D) A representative of each teacher organization at the schoolsite.

(E) A representative of the student body government.

(F) All persons that have indicated they want to be notified.

(3) The schoolsite council or school safety planning committee is encouraged to notify, in writing, the following persons and entities, if available, of the public meeting:

(A) A representative of the local churches.

(B) Local civic leaders.

(C) Local business organizations.



(c) In order to ensure compliance with this article, each school district or county office of education shall annually notify the State Department of Education by October 15 of any schools that have not complied with Section 35294.1.

SEC. 3. Article 10.41 (commencing with Section 35294.20) is added to Chapter 2 of Part 21 of the Education Code, to read:

Article 10.41. Double Your Cash Program

35294.20. (a) The California “Double Your Cash”—“CCAASSHH”—program is hereby established within the Safe Schools and Violence Prevention Office of the State Department of Education to lead and encourage the development of an individualized smart comprehensive strategic action plan for preventing school violence at each California public school, consistent with the provisions of this article.

(b) This program shall be known as the California “Double Your Cash”—“CCAASSHH”—program.

(c) The “Double Your Cash” designation is derived from the program being based upon the following four essential interdependent ingredients:

- (1) Californians Committed (to).
- (2) Academic Achievement.
- (3) School Safety, (and).
- (4) Healthy Humans.

35294.21. (a) When a schoolsite council next reviews and updates its school safety plan pursuant to Article 10.3 (commencing with Section 35294) and to the extent it implements its plan, the schoolsite council is encouraged to recognize that there are these three essential components of a successful comprehensive strategic action program for preventing school violence, and it is further encouraged to consider incorporating each of them into its plan:

- (1) Assuring each pupil a safe physical environment.
- (2) Assuring each pupil a safe, respectful, accepting, and emotionally nurturing environment.
- (3) Providing each child resiliency skills.

(b) To assure a safe physical environment, a schoolsite council is encouraged to consider including in its school safety plan all of the following:

- (1) A no tolerance for violence policy and practice.
- (2) An immediate effective response to violence plan and implementation.
- (3) A no guns allowed policy.
- (4) Disallow and discourage the possession of drugs.

(5) Provide for smaller schools.

(c) To assure a safe, respectful, accepting, and emotionally nurturing environment, a schoolsite council is encouraged to consider incorporating strategies to achieve all of the following goals:

(1) A school that welcomes the whole child.

(2) A nurturing classroom environment.

(3) A discipline policy that includes teaching respect and constructive resolution of conflicts.

(4) A discipline policy that aims at restoration of mutual respect, relationships, and a sense of community that seeks reintegration of pupils who become alienated through conflict or misbehavior.

(5) Administrators, teachers, and classified employees who are prepared through preservice and inservice training to appreciate their critical capacities for constructively engaging pupils.

(6) Professional education staff who are sensitive to cultural diversity and ways.

(7) Parents who are invited and accepting to become meaningfully involved.

(8) More emotional support service personnel, including counselors.

(9) An adult coach for each pupil.

(10) No bullying.

(d) To provide each child resiliency skills, a schoolsite council is encouraged to consider incorporating strategies that will provide each pupil all of the following:

(1) Resiliency.

(2) Authentic self-esteem.

(3) Moral education.

(4) Racial and gender comfort and sensitivity.

(5) Anger management.

(6) Conflict resolution.

(7) Peer counseling.

(8) Peer mediation.

35294.22. (a) Before a school safety plan is approved pursuant to subdivision (a) of Section 35294.8, the school safety plan shall be presented at a regularly scheduled public meeting of the governing board of the school district or county office of education and the adoption of the school safety plan shall not be an item for consent at that meeting. The governing board of the school district or county office of education shall discuss both of the following:

(1) How the school safety plan addresses the needs of the school and pupils within that school.

(2) How the schoolsite council considered the three essential components provided pursuant to subdivision (a) of Section 35294.21 when writing the school safety plan.

(b) The governing board of the school district or county office of education is encouraged to notify, in writing, the persons and entities specified in paragraphs (2) and (3) of subdivision (b) of Section 35294.8, if available, of the public meeting required pursuant to this section.

35294.23. (a) It is the intent of the Legislature that any funds appropriated to implement existing school safety laws shall be available for expenditure to develop, implement, review, and update school safety plans pursuant to this article.

(b) State and federal funds appropriated in support of school safety and violence prevention programs, including, but not limited to, funds made available through Item 6110-228-0001 of Section 2.00 of the annual Budget Act, shall be considered additional revenues in accordance with subdivision (e) of Section 17556 of the Government Code and shall be used to offset any state-mandated costs incurred by school districts when complying with this article.

35294.25. This article shall become inoperative on June 1, 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. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because this act provides for additional revenue to local agencies or school districts in an amount sufficient to fund the cost of the state mandate within the meaning of Section 17556 of the Government Code.

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## CHAPTER 507

An act to amend Sections 37396 and 56742 of the Government Code, relating to city annexations.

[Approved by Governor September 12, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 37396 of the Government Code is amended to read:

37396. (a) A city, county, or city and county may lease property owned, held, or controlled by it for not to exceed 99 years, for stadium, park, recreational, fair, exposition, or exhibition purposes, or for general sports purposes such as training and competitive sports.

(b) On and after April 24, 2002, a lease executed pursuant to this section on territory annexed pursuant to Section 56472, may not include

a shopping center, hotel, motel, or lodging house, but may include a lease for all other purposes authorized under this section, including a lease for either or both of the following purposes:

(1) Any dormitory or medical facility that exclusively, except in the case of a medical emergency, serves individuals participating in training or competitions held at the site leased pursuant to subdivision (a).

(2) Any food facility, as defined by Section 113785 of the Health and Safety Code, food vending, and sales of goods and services incidental to, and in support of, the purposes of the lease.

(c) A lease made by a county pursuant to this section is subject to Article 8 (commencing with Section 25520) of Chapter 5 of Part 2 of Division 2 of Title 3.

SEC. 2. Section 56742 of the Government Code is amended to read:

56742. (a) Notwithstanding Section 56741, upon approval of the commission a city may annex noncontiguous territory not exceeding 300 acres if the territory meets all of the following requirements:

(1) It is located in the same county as that in which the city is situated.

(2) It is owned by the city.

(3) It is used for municipal purposes at the time commission proceedings are initiated.

(b) Territory which is used by a city for the reclamation, disposal, and storage of treated wastewater may be annexed to the city pursuant to this section without limitation as to the size of the territory.

(c) If territory is annexed pursuant to this section, the annexing city may not annex any territory not owned by the city, not used for municipal purposes, and not contiguous to the city, although the territory is contiguous to the territory annexed pursuant to this section.

(d) Notwithstanding any other provision of this section, a city which annexes territory pursuant to this section may annex additional territory in the same county as that in which the city is situated which is owned by the United States government or the State of California and which is contiguous to the first annexed territory if the total acreage of the first annexed and the subsequently annexed territory together does not exceed 300 acres in area. If after the completion of the subsequent annexation, the city sells any or all of the first annexed territory, the subsequently annexed territory shall cease to be part of the city if the subsequently annexed territory is no longer contiguous to territory owned by the city.

(e) When any or all of the territory annexed to a city pursuant to this section is sold by the city, all of the territory that is no longer owned by the city shall cease to be a part of that city.

(f) A city may lease territory annexed pursuant to this section for any of the purposes authorized pursuant to Sections 37380 to 37396, inclusive, as well as enter into leases for the construction and operation

of electrical generation, transmission, and distribution. If, however, a city enters into a lease on and after April 24, 2002, pursuant to Section 37395, 37396, or any other provision of law, that would authorize the development of a shopping center, hotel, motel, or lodging house on territory annexed pursuant to this section, the affected territory shall cease to be a part of the city.

(g) When territory ceases to be part of a city pursuant to this section, the legislative body of the city shall adopt a resolution confirming the detachment. The resolution shall describe the detached territory and shall be accompanied by a map indicating the territory. Immediately upon adoption of the resolution, the city clerk shall make any filing required by Chapter 8 (commencing with Section 57200) of Part 4.

(h) If territory annexed to a city pursuant to this section becomes contiguous to the city, the limitations imposed by this section shall cease to apply.

SEC. 3. It is the intent of the Legislature that none of the changes made in Sections 37396 and 56742 of the Government Code by this act shall affect or impair the conditions or obligations of any leases that were entered into prior to April 24, 2002.

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## CHAPTER 508

An act to add Section 33042 to the Education Code, relating to school districts.

[Approved by Governor September 12, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 33042 is added to the Education Code, to read: 33042. The Legislature encourages school districts to comply with the State Board of Education's English Language and Arts Writing Arts Strategies on cursive handwriting standards whereby pupils are expected to write fluidly and legibly. School districts are encouraged to teach methods of penmanship that may include, but are not limited to, the D'Nealian Method and the Palmer Method of penmanship.

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## CHAPTER 509

An act to make an appropriation in augmentation of the Budget Act of 2001, relating to contingencies or emergencies, to take effect immediately as an appropriation for the usual current expenses of the state.

[Approved by Governor September 12, 2002. Filed with Secretary of State September 12, 2002.]

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

SECTION 1. The sum of three hundred five million four hundred eleven thousand dollars (\$305,411,000) is hereby appropriated for expenditure for the 2001–02 fiscal year in augmentation and for the purposes of Contingencies or Emergencies as provided in Items 9840-001-0001, 9840-001-0494, and 9840-001-0988 of Section 2.00 of the Budget Act of 2001 (Chapter 106 of the Statutes of 2001), in accordance with the following schedule:

(a) Two hundred ninety-nine million one hundred sixty-two thousand dollars (\$299,162,000) from the General Fund to the Augmentation for Contingencies or Emergencies in Item 9840-001-0001.

(b) Five million eight thousand dollars (\$5,008,000) from unallocated special funds to the Augmentation for Contingencies or Emergencies in Item 9840-001-0494.

(c) One million two hundred forty-one thousand dollars (\$1,241,000) from unallocated nongovernmental cost funds to the Augmentation for Contingencies or Emergencies in Item 9840-001-0988.

SEC. 2. The sum of fifty-two million five hundred thousand dollars (\$52,500,000) is hereby appropriated in augmentation and for the purposes of Contingencies or Emergencies as provided in Item 9840-001-0001 of Section 2.00 of the Budget Act of 2000 (Chapter 52 of the Statutes of 2000), as reappropriated by Item 9840-490 of Section 2.00 of the Budget Act of 2001 (Chapter 106 of the Statutes of 2001), for allocation to the Department of Corrections for expenditure for the 2000–01 fiscal year.

SEC. 3. The Director of Finance may withhold authorization for the expenditure of funds provided in this act until such time as, and to the extent that, preliminary estimates of potential deficiencies are verified.

SEC. 4. This act makes an appropriation for the usual current expenses of the state within the meaning of Article IV of the Constitution and shall go into immediate effect.

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## CHAPTER 510

An act to add and repeal Section 13823.16 to the Penal Code, relating to domestic violence.

[Approved by Governor September 12, 2002. Filed with Secretary of State September 12, 2002.]

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

SECTION 1. Section 13823.16 is added to the Penal Code, to read: 13823.16. (a) In implementing the Comprehensive Statewide Domestic Violence Program pursuant to Section 13823.15, the Office of Criminal Justice Planning shall consult with an advisory council. The membership of the Office of Criminal Justice Planning Domestic Violence Advisory Council shall consist of experts in the provision of either direct or intervention services to battered women and their children, within the scope and intention of the Office of Criminal Justice Planning's Domestic Violence Assistance Program.

(b) The membership of the council shall consist of domestic violence victims' 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 victims' 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. The council shall be composed of no more than 13 voting members and two nonvoting members who shall be appointed, as follows:

- (1) Seven voting members shall be appointed by the Governor.
- (2) Three voting members shall be appointed by the Speaker of the Assembly.
- (3) Three voting members shall be appointed by the Senate Committee on Rules.
- (4) Two nonvoting members 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 the council and participate in its activities to the extent that participation is not incompatible with his or her position as a Member of the Legislature.

(c) The Office of Criminal Justice Planning shall collaborate closely with the council in developing funding priorities, framing the request for proposals, and soliciting proposals.

(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.

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CHAPTER 511

An act to add Section 85505 to the Government Code, relating to the Political Reform Act of 1974.

[Approved by Governor September 12, 2002. Filed with  
Secretary of State September 12, 2002.]

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

SECTION 1. Section 85505 is added to the Government Code, to read:

85505. (a) The Secretary of State shall include on the Internet Web site of the Secretary of State's office, as part of the campaign finance activity that is publicly disclosed, any independent expenditure, as defined in Section 82031, that is reported pursuant to Section 85500 with respect to a candidate for elective state office and a statewide ballot measure. This information shall be linked to the part of the Web site that the Secretary of State maintains concerning that candidate or ballot measure.

(b) It is the intent of the Legislature that all forms created for the purpose of filing the online or electronic report required pursuant to Section 85500 include a separate field for the filer to input the legislative district number and the number or letter of a statewide ballot measure.

SEC. 2. 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.

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CHAPTER 512

An act to amend Section 8670.40 of the Government Code, and to add and repeal Division 7.9 (commencing with Section 8780) of the Public Resources Code, relating to public resources.

[Approved by Governor September 12, 2002. Filed with  
Secretary of State September 12, 2002.]



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

SECTION 1. Section 8670.40 of the Government Code is amended to read:

8670.40. (a) The State Board of Equalization shall collect a fee in an amount determined by the administrator to be sufficient to carry out the purposes set forth in subdivision (e), and a reasonable reserve for contingencies. The amount of the annual assessment shall not exceed four cents (\$.04) per barrel of crude oil or petroleum products.

(b) (1) The oil spill prevention and administration fee shall be imposed upon every person owning crude oil at the time that the crude oil is received at a marine terminal from within or outside the state, and upon every person owning petroleum products at the time that those petroleum products are received at a marine terminal from outside this state. The fee shall be collected by the marine terminal operator from the owner of the crude oil or petroleum products based on each barrel of crude oil or petroleum products so received by means of a vessel operating in, through, or across the marine waters of the state. In addition, every operator of a pipeline shall pay the oil spill prevention and administration fee for each barrel of crude oil originating from a production facility in marine waters and transported in the state by means of a pipeline operating across, under, or through the marine waters of the state. The fees shall be remitted to the board by the terminal or pipeline operator on the 25th day of the month based upon the number of barrels of crude oil or petroleum products received at a marine terminal or transported by pipeline during the preceding month. No fee shall be imposed pursuant to this section with respect to any crude oil or petroleum products if the person who would be liable for that fee, or responsible for its collection, establishes that the fee has been collected by a terminal operator registered under this chapter or paid to the board with respect to the crude oil or petroleum product.

(2) Every owner of crude oil or petroleum products is liable for the fee until it has been paid to the board, except that payment to a marine terminal operator registered under this chapter is sufficient to relieve the owner from further liability for the fee.

(3) On or before January 15, the administrator shall annually prepare a plan that projects revenues and expenses over three fiscal years, including the current year. Based on the plan, the administrator shall set the fee so that projected revenues, including any interest, are equivalent to expenses as reflected in the current Budget Act and in the proposed budget submitted by the Governor. In setting the fee, the administrator may allow for a surplus if the administrator finds that revenues will be exhausted during the period covered by the plan or that the surplus is necessary to cover possible contingencies.

(c) The moneys collected pursuant to subdivision (a) shall be deposited into the fund.

(d) The board shall collect the fee and adopt regulations for implementing the fee collection program.

(e) The fee described in this section shall be collected solely for all of the following purposes:

(1) To implement oil spill prevention programs through rules, regulations, leasing policies, guidelines, and inspections and to implement research into prevention and control technology.

(2) To carry out studies which may lead to improved oil spill prevention and response.

(3) To finance environmental and economic studies relating to the effects of oil spills.

(4) To reimburse the member agencies of the State Interagency Oil Spill Committee for costs arising from implementation of this chapter, Article 3.5 (commencing with Section 8574.1) of Chapter 7, and Division 7.8 (commencing with Section 8750) of the Public Resources Code.

(5) To implement, install, and maintain emergency programs, equipment, and facilities to respond to, contain, and clean up oil spills and to ensure that those operations will be carried out as intended.

(6) To respond to an imminent threat of a spill in accordance with the provisions of Section 8670.62 pertaining to threatened discharges. The cumulative amount of any expenditure for this purpose shall not exceed the amount of one hundred thousand dollars (\$100,000) in any fiscal year unless the administrator receives the approval of the Director of Finance and notification is given to the Joint Legislative Budget Committee. Commencing with the 1993–94 fiscal year, and each fiscal year thereafter, it is the intent of the Legislature that the annual Budget Act contain an appropriation of one hundred thousand dollars (\$100,000) from the fund for the purpose of allowing the administrator to respond to threatened oil spills.

(7) To reimburse the board for costs incurred to implement this chapter and to carry out the provisions of Part 24 (commencing with Section 46001) of Division 2 of the Revenue and Taxation Code.

(8) To reimburse the costs incurred by the State Lands Commission in implementing the Oil Transfer and Transportation Emission and Risk Reduction Act of 2002 (Division 9 (commencing with Section 8780) of the Public Resources Code).

(f) The moneys deposited in the fund shall not be used for responding to an oil spill.

SEC. 1.5. Section 8670.40 of the Government Code is amended to read:

8670.40. (a) The State Board of Equalization shall collect a fee in an amount determined by the administrator to be sufficient to carry out the purposes set forth in subdivision (e), and a reasonable reserve for contingencies. The annual assessment may not exceed five cents (\$0.05) per barrel of crude oil or petroleum products.

(b) (1) The oil spill prevention and administration fee shall be imposed upon every person owning crude oil at the time that the crude oil is received at a marine terminal from within or outside the state, and upon every person owning petroleum products at the time that those petroleum products are received at a marine terminal from outside this state. The fee shall be collected by the marine terminal operator from the owner of the crude oil or petroleum products based on each barrel of crude oil or petroleum products so received by means of a vessel operating in, through, or across the marine waters of the state. In addition, every operator of a pipeline shall pay the oil spill prevention and administration fee for each barrel of crude oil originating from a production facility in marine waters and transported in the state by means of a pipeline operating across, under, or through the marine waters of the state. The fees shall be remitted to the board by the terminal or pipeline operator on the 25th day of the month based upon the number of barrels of crude oil or petroleum products received at a marine terminal or transported by pipeline during the preceding month. No fee shall be imposed pursuant to this section with respect to any crude oil or petroleum products if the person who would be liable for that fee, or responsible for its collection, establishes that the fee has been collected by a terminal operator registered under this chapter or paid to the board with respect to the crude oil or petroleum product.

(2) Every owner of crude oil or petroleum products is liable for the fee until it has been paid to the board, except that payment to a marine terminal operator registered under this chapter is sufficient to relieve the owner from further liability for the fee.

(3) On or before January 20, the administrator shall annually prepare a plan that projects revenues and expenses over three fiscal years, including the current year. Based on the plan, the administrator shall set the fee so that projected revenues, including any interest, are equivalent to expenses as reflected in the current Budget Act and in the proposed budget submitted by the Governor. In setting the fee, the administrator may allow for a surplus if the administrator finds that revenues will be exhausted during the period covered by the plan or that the surplus is necessary to cover possible contingencies.

(c) The moneys collected pursuant to subdivision (a) shall be deposited into the fund.

(d) The board shall collect the fee and adopt regulations for implementing the fee collection program.

(e) The fee described in this section shall be collected solely for all of the following purposes:

(1) To implement oil spill prevention programs through rules, regulations, leasing policies, guidelines, and inspections and to implement research into prevention and control technology.

(2) To carry out studies that may lead to improved oil spill prevention and response.

(3) To finance environmental and economic studies relating to the effects of oil spills.

(4) To reimburse the member agencies of the State Interagency Oil Spill Committee for costs arising from implementation of this chapter, Article 3.5 (commencing with Section 8574.1) of Chapter 7, and Division 7.8 (commencing with Section 8750) of the Public Resources Code.

(5) To implement, install, and maintain emergency programs, equipment, and facilities to respond to, contain, and clean up oil spills and to ensure that those operations will be carried out as intended.

(6) To respond to an imminent threat of a spill in accordance with the provisions of Section 8670.62 pertaining to threatened discharges. The cumulative amount of any expenditure for this purpose shall not exceed the amount of one hundred thousand dollars (\$100,000) in any fiscal year unless the administrator receives the approval of the Director of Finance and notification is given to the Joint Legislative Budget Committee. Commencing with the 1993–94 fiscal year, and each fiscal year thereafter, it is the intent of the Legislature that the annual Budget Act contain an appropriation of one hundred thousand dollars (\$100,000) from the fund for the purpose of allowing the administrator to respond to threatened oil spills.

(7) To reimburse the board for costs incurred to implement this chapter and to carry out Part 24 (commencing with Section 46001) of Division 2 of the Revenue and Taxation Code.

(8) To reimburse the costs incurred by the State Lands Commission in implementing the Oil Transfer and Transportation Emission and Risk Reduction Act of 2002 (Division 9 (commencing with Section 8780) of the Public Resources Code).

(f) The moneys deposited in the fund shall not be used for responding to an oil spill.

SEC. 2. Division 7.9 (commencing with Section 8780) is added to the Public Resources Code, to read:

DIVISION 7.9. OIL TRANSFER AND TRANSPORTATION  
EMISSION AND RISK REDUCTION ACT OF 2002

8780. This division shall be known and may be cited as the Oil Transfer and Transportation Emission and Risk Reduction Act of 2002.

8781. The Legislature finds and declares all of the following:

(a) Thirty years ago the people of California passed the California Coastal Zone and Conservation Act of 1972 after a disastrous oil spill that affected hundreds of miles of coast and severely affected the coastal economy.

(b) A clean and healthy coastal environment is critical to maintaining a vibrant coastal economy, including opportunities for sustainable fisheries, flourishing tourism, and healthy recreation.

(c) The coastal communities contribute billions of dollars and hundreds of thousands of jobs to the state economy.

(d) Much of the oil extracted off California's coast is highly viscous, the refining of which results in heavy byproducts such as fuel oil and coke, which tend to be shipped to overseas markets. The storage and shipment of such byproducts will also have air quality impacts.

(e) There is significant internal shipment of oil by vessel between the San Francisco Bay area and the Los Angeles area.

(f) Although vessels transporting oil are eventually required to be double hulled, this will not be completed until January 1, 2015.

(g) The thousands of sea birds that have been injured or killed in 2001 and 2002 by oil leaking from a freighter that sank off California's coast in 1953 are a strong reminder of the serious consequences of vessel mishaps.

(h) One of the results of vessel traffic along the central coast and into the ports of the Los Angeles and San Francisco areas is tons of oxides of nitrogen emitted into the air each day, which could negate efforts made on land to meet federal ozone standards and other public health air quality goals.

(i) Current, accessible and accurate data regarding oil transportation is critical to having adequate information of the potential environmental quality, public health, and environmental justice consequences that must be analyzed by state and local agencies for environmental impact reports and statements, emergency response planning, permit issuance, and air quality mitigation efforts.

(j) Tracking trends in internal shipment of oil is necessary to promote public safety, health, and welfare, and to protect public and private property, wildlife, marine fisheries, and other ocean resources, and the natural environment in order to protect and to preserve the ecological balance of California's coastal zone, coastal waters, and coastal economy.

8782. Unless the context requires otherwise, the following definitions govern the construction of this division:

(a) "Administrator" means the administrator for oil spill response appointed by the Governor under Section 8670.4 of the Government Code.

(b) "Barge" means any vessel that carries oil in commercial quantities as cargo but is not equipped with a means of self-propulsion.

(c) "Commission" means the State Lands Commission.

(d) "Internal shipment of oil" means the loading, transporting by vessel, and offloading of oil that originates and terminates at the San Francisco Bay area and the Los Angeles and Long Beach area, or points in between. Internal shipment of oil does not include lightering, as defined in paragraph (4) of subdivision (l) of Section 790 of Title 14 of the California Code of Regulations.

(e) "Marine facility" means any facility of any kind, other than a vessel, that is or was used for the purpose of exploring for, drilling for, producing, storing, handling, transferring, processing, refining, or transporting oil and is located in marine waters, or is located where a discharge could impact marine waters, unless the facility (1) is subject to Chapter 6.67 (commencing with Section 25270) or Chapter 6.75 (commencing with Section 25299.10) of Division 20 of the Health and Safety Code or (2) is placed on a farm, nursery, logging site, or construction site and does not exceed 20,000 gallons in a single storage tank. A drill ship, semisubmersible drilling platform, jack-up type drilling rig, or any other floating or temporary drilling platform is a "marine facility." A small craft refueling dock is not a "marine facility."

(f) "Marine terminal" means any facility used for transferring oil to or from tankers or barges. A marine terminal includes all piping not integrally connected to a tank facility as defined in subdivision (k) of Section 25270.2 of the Health and Safety Code.

(g) "Oil" means any kind of petroleum, liquid hydrocarbons, or petroleum products or any fraction or residues therefrom, including, but not limited to, crude oil, bunker fuel, gasoline, diesel fuel, aviation fuel, oil sludge, oil refuse, oil mixed with waste, and liquid distillates from unprocessed natural gas.

(h) "Operator," when used in connection with a vessel means any person or entity that owns, has an ownership interest in, charters, leases, rents, operates, participates in the operation of, or uses, that vessel.

(i) "Person" means an individual, trust, firm, joint stock company, or corporation, including, but not limited to, a government corporation, partnership, or association. "Person" also includes any city, county, city and county, district, commission, the state or any department, agency, or political subdivision thereof, and the federal government or any department or agency thereof to the extent permitted by law.

(j) “Responsible party” or “party responsible” means the “Responsible party” or “Party responsible” means the owner of the oil or a person or entity who accepts responsibility for the oil for purposes of this division.

(k) “Tanker” means any self-propelled, waterborne vessel, constructed or adapted for the carriage of oil in bulk or in commercial quantities as cargo.

(l) “Vessel” means a tanker or barge as defined in this section.

8783. (a) The commission shall develop a form that is to be completed by the responsible party engaged in the internal shipment of oil. The form shall be known as the “Oil Transfer and Transportation Emission and Risk Reduction Form.” The form shall be designed to enable the commission to obtain and track the amount and type of oil transported, as well as the name of the vessel, the vessel’s route, and air emissions relating to the internal shipment of that oil.

(b) The form shall contain, but need not be limited to, all of the following information:

(1) The name, address, point of contact, and telephone number of the responsible party.

(2) The name of the vessel transporting the oil.

(3) The type and amount of oil being transported.

(4) The source of crude oil.

(5) The name and location of any terminal that loaded the vessel.

(6) The name and location of any terminal that discharged the tanker or barge.

(7) The dates of travel and the route.

(8) The type of engine and fuel used to power the tanker or barge-towing vessel.

(9) The estimated amount and type of air emissions. To the extent practicable, the emissions factors developed by the United States Environmental Protection Agency shall be used to estimate the amount of air emissions. The form shall be designed to ensure that charter vessel air emissions are not counted more than once.

(10) An indication of whether the reason for the internal shipping of oil was due to a temporary shutdown or partial shutdown of a key refinery facility.

(11) On and after January 1, 2004, if Division 36 (commencing with Section 71200) is repealed pursuant to Section 71271, the amount of any ballast discharge and the location of the discharge.

(c) The form shall be filed with the commission on a quarterly basis by the responsible party engaged in the internal shipment of oil for the activities of the preceding quarter.



(d) In developing the form and the reporting process, the commission shall consult with the interested parties including operators, responsible parties, and the International Maritime Organization.

8784. (a) On or before April 1 of each year, for the calendar years 2004 to 2009, inclusive, the commission shall file a report with the Legislature summarizing the information and including all of the following:

(1) A description of any trends in the total number of trips by oil type, amount of shipment, and source of oil.

(2) The number of transfers due to refinery shutdowns.

(3) The location of air emissions and ballast discharge, and the type of vessel used during those events.

(4) A discussion of any other pertinent issues that the commission determines should be included.

(b) The commission shall transmit a copy of the report to any interested agency or member of the public, upon request.

8785. The commission shall consult with the administrator, other state agencies, and agencies of the federal government, including, but not limited to, the United States Coast Guard and the federal Department of Transportation, to the maximum extent feasible, before undertaking actions under this division.

8786. The administrator shall reimburse the commission for the costs of administering this division from the Oil Spill Prevention and Administration Fund, pursuant to paragraph (8) of subdivision (e) of Section 8670.40 of the Government Code.

8787. This division applies to all terminals, pipelines, vessels, and activities in the state, whether on lands that have been granted by the Legislature to local governments or on lands that remain ungranted.

8788. Any information collected under this division for the purpose of explaining why oil was transferred shall be kept confidential and reported only in the aggregate by the commission, in a manner that protects the competitive nature of the information.

8789. This division 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 or extends that date.

SEC. 3. Section 1.5 of this bill incorporates amendments to Section 8670.40 of the Government Code proposed by both this bill and SB 849. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2003, (2) each bill amends Section 8670.40 of the Government Code, and (3) this bill is enacted after SB 849, in which case Section 1 of this bill shall not become operative.

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